

**PUBLIC SESSION AGENDA
NORTH CAROLINA STATE BOARD OF CPA EXAMINERS
OCTOBER 21, 2013
10:00 A.M.
1101 OBERLIN ROAD
RALEIGH, NC**

I. Administrative Items

A. Call to Order

In accordance with the State Government Ethics Act, it is the duty of every Board member to avoid both conflicts of interest and appearances of conflict. Does any Board member have any known conflict of interest or appearance of conflict with respect to any matters coming before the Board today? If so, please identify the conflict or appearance of conflict and refrain from any undue participation in the particular matter involved.

B. Welcome and Introduction of Guests

C. Approval of Agenda

D. Minutes

E. Financial/Budgetary Items

1. Financial Statements for September 2013

II. Legislative & Rule-Making Items

III. National Organization Items

A. Draft Response to the Uniform Accountancy Act – Revised Definitions

IV. State & Local Organization Items

V. Request for Declaratory Ruling

VI. Committee Reports

A. Professional Standards

B. Professional Education and Applications

VII. Public Comments

VIII. Closed Session

IX. Executive Staff and Legal Counsel Report

A. Proposed 2014 Board Meeting Dates

X. Adjournment

PUBLIC SESSION MINUTES
North Carolina State Board of CPA Examiners
September 23, 2013
1101 Oberlin Road
Raleigh, NC 27605

MEMBERS ATTENDING: Bucky Glover, CPA, Vice President; Maria M. Lynch, Esq., Secretary-Treasurer; Tawannah G. Allen, Ed.D.; Barton W. Baldwin, CPA (via telephone); John M. Kledis, CPA; and Michael H. Womble, CPA.

STAFF ATTENDING: Robert N. Brooks, Executive Director; David R. Nance, CPA, Deputy Director; Frank Trainor, Esq., Staff Attorney; Lisa R. Hearne, Manager-Communications; Ann J. Hinkle, Manager-Professional Standards; Buck Winslow, Manager-Licensing; and Noel L. Allen, Legal Counsel.

GUESTS: James T. Ahler, CEO, NCACPA; Cindy Brown, CPA, NCACPA; Suzanne Jolicoeur, Senior Manager, State Regulation & Legislation, AICPA and Curt Lee, Legislative Liaison, NCSA.

CALL TO ORDER: Vice President Glover called the meeting to order at 10:04 a.m.

MINUTES: The minutes of the August 19, 2013, meeting were approved as corrected.

FINANCIAL AND BUDGETARY ITEMS: The August 2013 financial statements were accepted as submitted.

The draft audit report for the Board for the year ending March 31, 2013, was presented. Ms. Allen and Mr. Womble moved to accept and approve the Board Audit Report for the year ending March 31, 2013 (Appendix I). Motion passed with six (6) affirmative and zero (0) negative votes.

LEGISLATIVE AND RULE-MAKING ITEMS: Mr. Brooks provided a brief update on legislation.

STATE AND LOCAL ORGANIZATION ITEMS: Mr. Brooks commented on the staff's participation in the September 20, 2013, CPA Day of Service in North Carolina.

REPORT OF THE PROFESSIONAL STANDARDS COMMITTEE: Mr. Baldwin moved and the Board approved the following recommendations of the Committee:

Case No. 200602-021 – Michael H. Lippman, CPA – Approve the signed Consent Order (Appendix II).

Case No. C2011140 - James R. Hovis, Jr., CPA - Approve the signed Consent Order (Appendix III).

Case No. C2012183-1 and Case No. C2012183-2 - James E. Avent, Jr., CPA - Messrs. Baldwin and Glover moved to approve the voluntary permanent suspension of the CPA certificate (Appendix IV) issued to James E. Avent, Jr. Motion passed with six (6) affirmative and zero (0) negative votes.

Case No. C2012311-1 and Case No. C2012311-2 - James G. Kimbrough, CPA, and James G. Kimbrough, Jr. - Approve the signed Consent Order (Appendix V).

Case No. C2012354 - Kenneth C. Porter, CPA - Approve the signed Consent Order (Appendix VI).

Case No. C2013004 - William K. Lively, CPA - Messrs. Baldwin and Glover moved to approve the five (5) year suspension of the CPA certificate (Appendix VII) issued to William K. Lively. Motion passed with six (6) affirmative and zero (0) negative votes.

Case No. C2013041 and Case No. C201306 - Hiestand, Brand, Loughran, PA, and Christopher L. Hiestand - Approve the signed Consent Order (Appendix VIII).

Case No. C2013109 - Jeremy D. Parvin, CPA - Approved the signed Consent Order (Appendix IX).

The Board approved the following Orders (Appendix X) as consented to by the following individuals:

Case No. C2013153 - Aletta M. Lane, CPA

Case No. C2013155 - Patsy R. Bolick, CPA

Case No. C2013160 - Douglas J. Campbell, CPA

Case No. C2013080 - Close the case without prejudice.

Case No. C201311-1 and Case No. C2013211-2 - Close the case without prejudice.

Case No. 2013024 - Randeep Singh Brar - Accept the signed Notice of Apparent Violation and Demand to Cease and Desist (Appendix XI).

REPORT OF THE PROFESSIONAL EDUCATION AND APPLICATIONS COMMITTEE: Ms. Lynch moved and the Board approved the following recommendations of the Committee:

Transfer of Grades Applications - The following were approved:

Alexander Davis Lanier
Rachel Elise Loveland

Benjamin Taylor Mayo
Mark Edwin Menezés

Original Certificate Applications - The following were approved:

Travonte Antonio Aldrich
Natalie Davis Applonie
Adam Cole Alfero
Tyson Lee Badders
Samuel Adam Begley
Nicholas Anthony Ciamaricone
Reuben Blake Dalton
Jennifer Wren Durrett
Thomas Allen Forrester III
Carleton Harold Gallagher
Arthur Marcellus Gipple IV
Erica Marie Glasgow
Kevin Ran Guo
Julie Jones Harman
Lillian Alice Houston
Magda Jezovicova
Alexander Davis Lanier
Rachel Elise Loveland
Meredith Danielle Lowry
Benjamin Taylor Mayo
Mark Edwin Menezes

Christopher Dean Moore
Yuliya Sergeyevna Morris
Jeffrey Justus Myers
Carole Emily Wilson Pesta
Kerry McClellan Plemmons
Christine Wilson Rabon
Justin David Rink
Carlin Creech Smith
Scott Jason Snyder
David Marvin Stone
Emily Jo Throndson
Melissa Tiffany Vachon
Leigh Byrum Vogedes
Lin Wang
Daniel Staten Waters
Kyle Thomas White
Galadriel Elisha Williams
Patrick Ryan Willis
Sophia D. Woo
Jessica Lynn Baker Zemonek

Staff reviewed and recommended approval of the original application submitted by Ashley Victoria Bristow. Ms. Bristow failed to disclose pertinent information with her exam application but provided it with her certificate application. Staff recommended approval of the application with a one-year probationary period. The Committee approved staff recommendation.

Staff reviewed and recommended approval of the original application submitted by Joseph Warren Cook, IV. Mr. Cook failed to disclose pertinent information with his exam application but provided it with his certificate application. Staff recommended approval of the application with a one-year probationary period. The Committee approved staff recommendation.

Reciprocal Certificate Applications - The following were approved:

Brian David Donahue
Bonaventure E. Ezewuzie
David Lawrence Goldstein

Yung Ki Park
Carlos Guillermo Santiago-Orria

Temporary Permits - The following temporary permits were approved by the Executive Director and ratified by the Board:

Tracy Allen Dyer T7493
Mark Katherine Esleeck T7494
Theodore William Walls T7495
Michael John Bellairs T7496
Jason Michael Lester T7497
Heather Concoby Gray T7498
Kirti H. Shah T7521

James Harrison Nichols T7522
Anne T. M. Anderson T7523
Jeff Paul Thomas T7524
Steven Lyle Nashland T7525
Susan Diana Sabo T7526
Shemaine Latoya Rose T7527

Reinstatements - The following were approved:

Ronald Arthur Jordan #31728
Elizabeth Peeler Kirby #17267
Jana Mason Nethery #27555

Christopher John Schneider #31702
Rodney Eugene Smallwood #27821

Staff reviewed and recommended approval of the reinstatement application submitted by Michael Heath Walters (#28179). Mr. Walters failed to disclose pertinent information with his exam application but provided it with his reinstatement application. Staff recommended approval of the application with a one-year probationary period. The Committee approved staff recommendation.

Staff reviewed and recommended approval of the original application submitted by James Brantley Willis (#25799). Mr. Willis failed to disclose pertinent information with his reciprocal certificate application but provided it with his reinstatement application. Staff recommended approval of the application with a one-year probationary period. The Committee approved staff recommendation.

Reissuance of New Certificate - Applications for reissuance of new certificate submitted by the following were approved.

Barbara Jones Bouffard #20559
Teresa Lynne Brenan #34187

Reissuance of New Certificate and Consent Agreement - Applications for reissuance of new certificate and consent agreements submitted by the following were approved.

Viola Cutshall Shelton #21088
Gordon Valden Wheeler #34461

Letter of Warning - Staff received and recommended approval of the request to rescind the letter of warning awarded to Kristen M. Goodlaxson (#23677). The Committee approved staff recommendation.

Examinations - The Committee reviewed and approved the following staff approved applicants to sit for the Uniform CPA Examination:

Michelle Abercrombie	William Call
Alisha Adams	Abigail Campbell
Amanda Aiken	John Capasso
Michael Alford	Laura Carter
Jennifer Anderson	Fangyuan Chang
Mark Arrington	Baron Chen
Brent Ashburn	Nikhil Chheda
Meghan Ayscue	Charlene Cook Controne
Bruce Baird	David Cooper
Thomas Barker	Kenneth Cooper
Nicolas Barnes	Ryan Cornell
Valerie Barney	Margaret Correll
Philip Barr	Jonathan Cothran
Gina Behan	Taylor Creedon
Stephen Benson	Cameron Cross
Christine Black	Zeynep Cukro
Morgan Blaisdell-Buck	Erin Cutler
Amy Bleeker	Lauren Daughtry
Stephanie Blonchek	Laura Davenport
Matthew Borders	Morris Davis
Alexander Bouknight	Valerie Derrick
Michael Bowers	Ghassan Dib
Allison Braswell	Andrew Dixon
Kimberly Brown	Michael Doggett
Lucas Brown	Stephen Dunn
Desmona Brown-Cayruth	Elena Dusenbury
Ashley Bryson	Tracy Ellis
Joseph Buckland	Melanie Erickson
Christina Burnett	Elliott Etheridge
Amelia Byrd	Nicole Evanger

Mallory Felder
Brittany Fields
Mary Fischer
Natalie Flannery
Jennifer Ford
Scott Foreman
Adam Forsberg
Lauren France
Monte Gainey
Michael Gardner
Adam Gattoni
Cordny Gilchrist
Carolyn Gile
Staci Ginsburg
Nicole Girard
Ashley Good
Matthew Green
Carole Guttery
William Haithcock
Natasha Hall
Bradley Hamby
David Hamilton
Ashley Hamm
Mallory Hammett
Geri Hare
Ashley Hare Massey
Sonya Harris
Warren Harvey
Stephen Hathcock
Margaret Helton
Lori Henson
Nicholas Heyland
Jeremy Hiatt
Crystal Hill
Ashley Holder
Gregory Howard
Julia Howe
Paul Huckle
Lindsay Huebler
Amber Huffman
Mary Hutchings
Hong Joon Im
Loren Jackson

Mia Jackson
Carla Jacobs
Jessica Johannessen
Kristi Johnson
Robert Johnson
Stephen Johnson
Christopher Jones
Joshua Jones
Ashley Keen
Sharon Kerley
Rahul Kharva
Ryan Kildoo
Johnathan Kildosher
Perry King
John Tyler Knox
Charles Lake
Bradley Lam
Robert Larison
Cilla Laurence
Crandall Lea
Minxue Lin
Randall Little
Stuart Long
Maria Maldonado
Joseph Marks
Nino Matic
Wilson McGuire
Marianne McKnight
Matthew McNealy
Jacqueline Messier
Ashley Middleton
Matthew Milbourn
Mildrid Ngamelue
Thao Nguyen
Robert Nicholson, II
Chun Nip
Farah Noameshie
Casey Noble
Ryan O'Neal
Jason Oliver
Anna Olson
Miles Onafowora
Jovanny Ortiz

Andrea Pack
Amy Page
Andrew Parsons
Trushaben Patel
Urvish Patel
Sara Pearson
Jessica Pemberton
William Perrault
Alexander Putzer
Kun Qian
Kristie Race
David Raines
Natalie Reed
Travis Reed
Jamie Reynolds
Anna Riddle
Jeremy Roberts
Erica Rock
Burnis Rollinson
Brian Roundtree
Jonathan Sawyer
Elisabeth Schwarz
Shay Sellati
Pamela Seward
Gabrielle Shahid
Fang Shen
Chad Sherin
Ashley Shinn
Amber Shively
Chon Shoaf
Adetoikunbo Shuler
Karine Simonyants
Courtney Smith
Rhonda Smith
Waylon Smith
Emilee Somers
Danielle Spaugh
Jeffrey Speanburg
Alex Speight
Kira Staggers
Andrew Stanley

Kent Stanton
Samantha Stoddard
Diana Stoyneva
Steven Strickland
Angela Stromberger
Kristin Stroud
Mollie Swann-Deyoung
Dayvon Taliaferro
Anthony Tallarico
Nathan Tate
William Tate
Willie Tate
Brittany Tetlow
Jevon Thomas
Jonathan Thornton
Caitlin Townsend
Daniel Vandekar
Kelli Vollick
Eric Vozzo
Stephanie Wall
Qin Wang
Cherise Washington
Morgan Webster
Charles Wells
Binbin Weng
Frank White
John Whitley
Heather Whittington
David Williams
Brian Wilson
Patty Wilson
Ryan Winkler
Joseph Wood
Brad Woodard
Jack Xie
Lei Xu
Bradley Yacenda
Melissa Young
Najla Zeitawi
Weiqian Zhang

Staff reviewed and recommended approval of a hypothetical CPA initial exam application. Staff recommended approval of the request. The Committee approved staff recommendation.

Staff reviewed and recommended disapproval of three hypothetical CPA initial exam applications. Staff recommended disapproval of all three requests. The Committee disapproved all three requests.

Miscellaneous – The Committee reviewed an Independent Assessment Report for the course, "NCACPA's 2013 CPE Beach Cluster."

ADJOURNMENT: Ms. Allen and Mr. Kledis moved to adjourn the meeting at 10:29 am. Motion passed.

Respectfully submitted:

Attested to by:

Robert N. Brooks
Executive Director

Jose R. Rodriguez, CPA
President

**NORTH CAROLINA STATE BOARD
OF CERTIFIED PUBLIC ACCOUNTANT EXAMINERS**

FINANCIAL STATEMENTS

**FOR THE FISCAL YEARS ENDED
MARCH 31, 2013 AND 2012**

**BERNARD ROBINSON & COMPANY, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS**

**NORTH CAROLINA STATE BOARD
OF CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEARS ENDED MARCH 31, 2013 AND 2012**

BOARD MEMBERS

Jose R. Rodriguez, CPA, President

Bucky Glover, CPA, Vice-President

Maria M. Lynch, Esquire, Secretary-Treasurer

Barton W. Baldwin, CPA

John M. Kledis, CPA

Michael H. Womble, CPA

Tawannah G. Allen, Ed.D.

ADMINISTRATIVE STAFF

Robert N. Brooks, Executive Director

David R. Nance, CPA, Deputy Director

Frank X. Trainor, Esquire, Staff Attorney

OUTSIDE LEGAL COUNSEL

Allen, Pinnix & Nichols, P.A.

Noel L. Allen, Esquire

NORTH CAROLINA STATE BOARD
OF CERTIFIED PUBLIC ACCOUNTANT EXAMINERS

FOR THE FISCAL YEARS ENDED MARCH 31, 2013 AND 2012

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North Carolina State Board of Certified Public Accountant Examiners

Management's Discussion and Analysis

Introduction

The following discussion and analysis provides an overview to assist the reader in interpreting and understanding the accompanying basic financial statements. This overview includes a comparative financial analysis with discussion of significant changes from the prior year, as well as a discussion of currently known facts, decisions, and conditions. This information is provided by the North Carolina State Board of Certified Public Accountant Examiners' (Board) management in conjunction with the issuance of the accompanying financial statements.

Overview of the Basic Financial Statements

The Statements of Net Position provide information relative to the Board's assets, deferred outflows, liabilities, deferred inflows, and the resulting net position as of the last day of the fiscal year. Assets and liabilities on these statements are categorized as either current or noncurrent. Current assets are those that are available to pay for expenses in the next fiscal year. Current liabilities are those payable in the next fiscal year. The Board currently has no elements that meet the definition of deferred inflows or deferred outflows. Net position on these statements is categorized as either invested in capital assets or unrestricted. Overall, the Statements of Net Position provide information relative to the financial strength of the Board and its ability to meet current and long-term obligations.

The Statements of Revenues, Expenses, and Changes in Net Position provide information relative to the results of the Board's operations, non-operating activities, and other activities affecting net position that occurred during the fiscal year. Operating activities include the licensure and examination activities for the public practice of accountancy in the State. Non-operating activities include primarily investment income and office rental activities for a portion of the Board-owned building. Overall, the Statements of Revenues, Expenses, and Changes in Net Position provide information relative to the Board's management of its operations and its ability to maintain its financial strength. The above statements are articulated by agreeing the ending net position reported on both statements.

The Statements of Cash Flows provide information relative to the Board's sources and uses of cash funds for operating activities, capital financing activities, and investing activities. These statements provide a reconciliation of beginning cash balances to ending cash balances and is representative of activity reported on the Statements of Revenues, Expenses, and Changes in Net Position as adjusted for changes in beginning and ending balances of noncash accounts on the Statements of Net Position.

The three statements described above are the basic financial statements required by the Governmental Accounting Standards Board (GASB) accounting principles. In accordance with GASB, the financial statements are presented on the Board as a whole and use reporting concepts in a manner similar to that required of a business enterprise. The financial statement

North Carolina State Board of Certified Public Accountant Examiners Management's Discussion and Analysis

balances reported are presented in a classified format to aid the reader in understanding the nature of the financial statement balances.

In using the basic financial statements, the Notes to the Financial Statements accompanying the basic financial statements should be read in conjunction with the basic financial statements. The Notes to the Financial Statements provide information relative to the significant accounting principles applied in the basic financial statements, authority for and associated risk of deposits and investments, detailed information on capital assets and noncurrent liabilities, revenues and expenses, required information on pension plans, insurance against losses, commitments and contingencies, accounting changes, and if necessary a discussion of adjustments to prior periods and events subsequent to the Board's financial statement period. Overall, the Notes to the Basic Financial Statements provide information to better understand details, risk, and uncertainty associated with amounts reported in the basic financial statements.

Brief Agency Highlights

The Board is an occupational licensing board that grants certificates of qualification as certified public accountants (CPAs) to those individuals who meet the statutory requirements. The Board also adopts and enforces the Rules of Professional Ethics and Conduct to be observed by CPAs in this State. Other functions of the Board include registration of CPA firms; renewal of CPA certificates and CPA firm registrations; administration of the Uniform CPA Examination; administration of the continuing professional education (CPE) compliance program; disposition of administrative hearings with respect to State statutes and rules; and administration of other provisions of Chapter 93 of the *North Carolina General Statutes*.

Analysis of Financial Position and Results of Operations

The Board's net position as of March 31, 2013 and March 31, 2012, was approximately \$2.32 million and \$2.28 million, respectively, an increase of \$40,000 during the year.

North Carolina State Board of Certified Public Accountant Examiners
Management's Discussion and Analysis

Condensed Financial Information

The following table summarizes the North Carolina State Board of Certified Public Account Examiners' assets, liabilities and net position as of March 31, 2013 and 2012.

Condensed Statements of Net Position
March 31, 2013, 2012, and 2011

Assets	2013	2012	% Change	2012	2011	% Change
Current Assets	\$ 1,267,240	\$ 819,214	54.69%	\$ 819,214	\$ 1,027,442	-20.27%
Noncurrent Assets	638,235	1,059,084	-39.74%	1,059,084	749,852	41.24%
Capital Assets, Net	980,772	1,029,998	-4.78%	1,029,998	911,349	13.02%
Total Assets	2,886,247	2,908,296	-0.76%	2,908,296	2,688,643	8.17%
Liabilities						
Current Liabilities	502,393	549,586	-8.59%	549,586	508,127	8.16%
Noncurrent Liabilities	64,208	77,458	-17.11%	77,458	75,307	2.86%
Total Liabilities	566,601	627,044	-9.64%	627,044	583,434	7.47%
Net Position						
Invested in Capital Assets	980,772	1,029,998	-4.78%	1,029,998	911,349	13.02%
Unrestricted	1,338,874	1,251,254	7.00%	1,251,254	1,193,860	4.81%
Total Net Position	\$ 2,319,646	\$ 2,281,252	1.68%	\$ 2,281,252	\$ 2,105,209	8.36%

Current Assets

Current assets as of March 31, 2013, consisted primarily of cash, \$240,000, investments, \$1,019,000, and receivables, \$8,000. Current assets as of March 31, 2012, consisted primarily of cash, \$148,000, investments, \$661,000, and receivables, \$10,000.

Current assets increased during the fiscal year March 31, 2013, due to the increase in cash and short-term certificates of deposit as a majority of the Board's certificates of deposit mature within one year and are classified as current assets.

Noncurrent Assets and Capital

Noncurrent assets as of March 31, 2013, primarily consisted of investments, \$637,000 and capital assets, \$981,000. Noncurrent assets as of March 31, 2012, consisted of investments, \$1,056,000, and capital assets, \$1,030,000.

Noncurrent assets decreased during the fiscal year March 31, 2013 due to the reclassification of investments as current noted above as well as the disposal of fully depreciated assets in the amount of \$38,000.

North Carolina State Board of Certified Public Accountant Examiners
Management's Discussion and Analysis

Liabilities

Current liabilities as of March 31, 2013, consisted primarily of accounts payable, \$26,000, due to examination vendors, \$451,000, accrued compensated absences, \$25,000, and unearned revenue, \$720. Current liabilities as of March 31, 2012, consisted primarily of accounts payable, \$24,000, due to examination vendors, \$474,000, and unearned revenue, \$51,000. The net decrease in current liabilities is primarily caused by the \$50,000 decrease in the unearned revenue due to the timing of licensees' certificate renewals and \$25,000 due to examination vendors related to a lesser number of candidates sitting for the exam. These amounts offset the increase of \$25,000 related to the accrued compensated absences which is due primarily to the anticipated payout of unused vacation accrual to the retiring deputy director.

Noncurrent liabilities consisted entirely of accrued compensated absences in the amount of \$64,000 and \$77,000 as of March 31, 2013 and 2012, respectively. The amount decreased during the current year to properly reflect the above amount to be paid out within the upcoming fiscal year.

Net Position

The Board's net position consists of net assets invested in capital assets and unrestricted net assets. Net assets invested in capital assets were \$981,000 and \$1,030,000 as of March 31, 2013 and 2012, respectively. Unrestricted net assets of \$1.34 and \$1.25 million as of March 31, 2013 and 2012, respectively, represent amounts not subject to externally imposed stipulations, but subject to internal designations for various activities and initiatives.

For the year ended March 31, 2013, the increase in net assets of \$40,000 is primarily attributable to the increase in non-operating income related to rental of Board office space.

North Carolina State Board of Certified Public Accountant Examiners
Management's Discussion and Analysis

The Statements of Revenues, Expenses, and Changes in Net Position present the results of the Board's operations for the report period. The following table summarizes the Board's revenues, expenses, and changes in net position for the years ended March 31, 2013 and 2012.

Condensed Statements of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years Ended March 31, 2013, 2012, and 2011

	2013	2012	% Change	2012	2011	% Change
Operating Revenues:						
Exam Fees	\$ 1,435,721	\$ 1,494,670	-3.94%	\$ 1,494,670	\$ 1,590,333	-6.02%
Certificate Fees	1,295,485	1,275,560	1.56%	1,275,560	1,063,660	19.92%
Miscellaneous	1,889	3,719	-49.21%	3,719	1,305	184.98%
Operating Expenses	(2,741,057)	(2,636,454)	3.97%	(2,636,454)	(2,724,269)	-3.22%
Operating Income (Loss)	(7,962)	137,495	-105.79%	137,495	(68,971)	-299.35%
Non-Operating Revenues	63,979	55,107	16.10%	55,107	40,053	37.59%
Non-Operating Expenses	(17,623)	(16,559)	6.43%	(16,559)	(12,004)	37.95%
Increase in Net Position	38,394	176,043	-78.19%	176,043	(40,922)	-530.19%
Net Position Beginning of Year	2,281,252	2,105,209	8.36%	2,105,209	2,146,131	-1.91%
Net Position End of Year	<u>\$ 2,319,646</u>	<u>\$ 2,281,252</u>	<u>1.68%</u>	<u>\$ 2,281,252</u>	<u>\$ 2,105,209</u>	<u>8.36%</u>

Operating Revenues

For the fiscal year ended March 31, 2013, operating revenues totaled \$2.73 million, consisting primarily of exam fee revenue of \$1.44 million and licensing fee revenues of \$1.30 million. For the fiscal year ended March 31, 2012, operating revenues totaled \$2.77 million, consisting primarily of exam fee revenue of \$1.49 million and licensing fee revenues of \$1.28 million.

Non-Operating Revenues

For the fiscal year ended March 31, 2013, non-operating revenues totaled \$64,000, primarily from interest income of \$25,000 and rental income of \$30,000. For the fiscal year ended March 31, 2012, non-operating revenues totaled \$55,000, primarily from interest income of \$32,000 and rental income of \$10,000.

North Carolina State Board of Certified Public Accountant Examiners

Management's Discussion and Analysis

The following table summarizes the Board's expenses (operating and non-operating) for the reporting periods.

Operating and Non-Operating Expenses
For the Fiscal Years Ended March 31, 2013, 2012, and 2011

Operating Expenses	2013	2012	% Change	2012	2011	% Change
Administrative	\$ 1,713,279	\$ 1,550,217	10.52%	\$ 1,550,217	\$ 1,566,714	-1.05%
Examination	980,474	1,037,369	-5.48%	1,037,369	1,121,545	-7.51%
Building	47,304	48,868	-3.20%	48,868	36,010	35.71%
Total Operating Expenses	\$ 2,741,057	\$ 2,636,454	3.97%	\$ 2,636,454	\$ 2,724,269	-3.22%
Non-Operating Expenses						
Non-Operating Expense	\$ 17,623	\$ 16,559	6.43%	\$ 16,559	\$ 12,004	37.95%
Total Non-Operating Expenses	\$ 17,623	\$ 16,559	6.43%	\$ 16,559	\$ 12,004	37.95%

For the fiscal year ended March 31, 2013, the increase in administrative expenses was related to an increase in salaries and benefits cost of \$131,000 related to the hiring of a replacement deputy director and increased health care costs. Additional costs were also incurred for board travel \$11,000, postage \$11,000, scholarships \$7,000, and computer software costs \$11,000. Examination costs decreased by \$57,000 as a lesser number of candidates sat for the exam during the year.

Economic Factors That Will Affect the Future

The main factors impacting the economic outlook for the Board are the number of candidates seeking to sit for the Uniform Certified Public Accountants examination and the number of licensees registered with the State.

The Board derives 95% of its revenues from examination and licensing fees. Exam revenues have decreased slightly over the past year as a lesser number of examination sections were taken by examination candidates. However, that decrease was offset by a slight increase in active licensees in North Carolina, resulting in an increase in registration fees. The Certified Public Accountant credential is highly regarded in the business world and the Board expects candidates to continue to seek licensure for the foreseeable future.

North Carolina State Board of Certified Public Accountant Examiners
Management's Discussion and Analysis

Contacting the Board's Management

This financial report is designed to provide a general overview of the Board's finances and to demonstrate the Board's accountability for the money it receives and expends. If you have any questions about this report or need additional information, contact:

North Carolina State Board of Certified Public Accountant Examiners
Post Office Box 12827
Raleigh, North Carolina 27605-2827

INDEPENDENT AUDITOR'S REPORT

Board of Directors
North Carolina State Board of Certified Public Accountant Examiners
Raleigh, North Carolina

Report on the Financial Statements

We have audited the statements of net position of the North Carolina State Board of Certified Public Accountant Examiners (the Board) as of March 31, 2013 and 2012, and the related statements of revenues, expenses, and changes in net position, and cash flows for the fiscal years then ended and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these basic financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of these basic financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these basic financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board's preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Board of Directors
North Carolina State Board of Certified Public Accountant Examiners

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Board's activities as of March 31, 2013 and 2012, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements. The supplementary schedules listed on the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Bernard Robinson & Company, L.L.P.

Raleigh, North Carolina
August 19, 2013

North Carolina State Board of Certified Public Accountant Examiners
Statements of Net Position
As of March 31

	2013	2012
ASSETS		
Current Assets:		
Cash	\$ 240,215	\$ 147,617
Short-Term Investments	1,018,696	660,615
Accounts Receivable	6,474	9,127
Deferred Lease Commission	1,855	1,855
Total Current Assets	1,267,240	819,214
Noncurrent Assets:		
Investments	637,000	1,055,993
Deferred Lease Commission	1,235	3,091
Capital Assets, Non-Depreciable (Note 4)	300,000	300,000
Capital Assets, Depreciable, Net (Note 4)	680,772	729,998
Total Noncurrent Assets	1,619,007	2,089,082
Total Assets	2,886,247	2,908,296
LIABILITIES		
Current Liabilities:		
Accounts Payable	25,598	23,912
Due to Examination Vendors	450,639	474,494
Unearned Revenue	720	51,180
Compensated Absences (Note 5)	25,436	-
Total Current Liabilities	502,393	549,586
Noncurrent Liabilities:		
Compensated Absences (Note 5)	64,208	77,458
Total Liabilities	566,601	627,044
NET POSITION		
Investment in Capital Assets	980,772	1,029,998
Unrestricted (Note 1K)	1,338,874	1,251,254
Total Net Position	\$ 2,319,646	\$ 2,281,252

The accompanying notes to the basic financial statements are an integral part of these audited statements.

North Carolina State Board of Certified Public Accountant Examiners
Statements of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years Ended March 31

	2013	2012
OPERATING REVENUES		
Examination Fees	\$ 1,435,721	\$ 1,494,670
Licensing Fees	1,295,485	1,275,560
Miscellaneous	1,889	3,719
Total Operating Revenues	2,733,095	2,773,949
OPERATING EXPENSES		
Administrative	1,713,279	1,550,217
Examination	980,474	1,037,369
Building	47,304	48,868
Total Operating Expenses	2,741,057	2,636,454
Operating Income (Loss)	(7,962)	137,495
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	24,979	31,952
Rental Income	30,300	10,000
Credit Card Rebates	8,700	13,050
Gain on the Sale of Equipment	-	105
Building	(17,623)	(16,559)
Total Non-operating Revenues (Expenses)	46,356	38,548
Change in Net Position	38,394	176,043
NET POSITION		
Net Position - Beginning of Year	2,281,252	2,105,209
Net Position - End of Year	\$ 2,319,646	\$ 2,281,252

The accompanying notes to the basic financial statements are an integral part of these audited statements.

North Carolina State Board of Certified Public Accountant Examiners
Statements of Cash Flows
For the Fiscal Years Ended March 31

	2013	2012
CASH FLOWS PROVIDED FROM (USED FOR) OPERATING ACTIVITIES		
Received from Fees	\$ 2,680,746	\$ 2,756,200
Other Amounts Received	1,889	3,719
Payments to Employees for Services	(1,199,636)	(1,078,610)
Payments for Administrative, Examination, and Building Expenses	(1,483,177)	(1,424,373)
Net Cash Provided From (Used For) Operating Activities	(178)	256,936
CASH FLOWS PROVIDED FROM (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of Capital Assets	(13,712)	(183,774)
Proceeds From the Sale of Capital Assets	-	105
Cash Used For Capital and Related Financing Activities	(13,712)	(183,669)
CASH FLOWS PROVIDED FROM (USED FOR) INVESTING ACTIVITIES		
Proceeds from Maturing Investments	908,549	959,621
Purchases of Investments	(839,717)	(966,756)
Non-Operating Rental Activities	12,677	(6,456)
Interest Income	24,979	32,349
Cash Provided From Investing Activities	106,488	18,758
Net Increase in Cash	92,598	92,025
Cash - Beginning of Year	147,617	55,592
Cash - End of Year	\$ 240,215	\$ 147,617
RECONCILIATION OF OPERATING GAIN (LOSS) TO NET CASH PROVIDED FROM (USED FOR) OPERATING ACTIVITIES		
Operating Gain (Loss)	\$ (7,962)	\$ 137,495
Adjustments to Reconcile Operating Gain (Loss) to Cash		
Provided From (Used For) Operating Activities:		
Depreciation Expense	56,874	60,076
Credit Card Rebates Redeemed	8,700	13,050
Changes in Assets and Liabilities:		
Accounts Receivable	2,653	2,705
Accounts Payable	1,686	(14,339)
Due to Examination Vendors	(23,855)	69,828
Unearned Revenue	(50,460)	(14,030)
Accrued Vacation	12,186	2,151
Net Cash Provided From (Used For) Operating Activities	\$ (178)	\$ 256,936
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:		
Capital asset write-offs	\$ 37,172	\$ -

The accompanying notes to the basic financial statements are an integral part of these audited statements.

NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
NOTES TO THE BASIC FINANCIAL STATEMENTS
MARCH 31, 2013

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

- A. **Organization and Purpose** - The North Carolina State Board of Certified Public Accountant Examiners (Board) is an independent State agency. It is an occupational licensing board authorized by Chapters 93 and 93B of the *North Carolina General Statutes*. The Board is composed of seven members: five persons who are holders of valid and unrevoked certified public accountant certificates issued under the provisions of Chapter 93, and two persons who are not certified public accountants and represent the public at large.

The Board's primary responsibilities are to administer the Uniform CPA Examination, to grant certificates of qualification as certified public accountants to qualified persons, to register certified public accounting firms, adopt and enforce the Rules of Professional Ethics and Conduct to be observed by CPAs in this State, and to enforce all statutes and rules of *North Carolina General Statutes* Chapter 93 and the *North Carolina Administrative Code*, Title 21, Chapter 08.

The Board had 19,384 and 18,987 licensees as of March 31, 2013 and 2012, respectively.

- B. **Financial Reporting Entity** - The concept underlying the definition of the financial reporting entity is that elected officials are accountable to their constituents for their actions. As required by accounting principles generally accepted in the United States of America (GAAP), the financial reporting entity includes both the primary government and all of its component units. An organization other than a primary government serves as a nucleus for a reporting entity when it issues separate financial statements. The Board is a component unit of the State of North Carolina and is an integral part of the State's *Comprehensive Annual Financial Report* (CAFR).

Component units are legally separate entities for which the State is financially accountable. Accountability is defined as the State's substantive appointment of a majority of the component unit's governing board. Furthermore, to be financially accountable, the State must be able to impose its will upon the component unit or there must be a possibility that the component unit may provide specific benefits to, or impose

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

specific financial burdens on, the State. Financial accountability also exists when an organization is fiscally dependent upon the State.

As required by *North Carolina General Statute 93-12*, the Governor appoints the seven members of the Board. The Board's operations are financed with self-generated revenues from fees charged to examinees and licensees. Because of the State's appointment of the Board and the benefit/burden relationship, the Board is a component unit of the State of North Carolina and the Board's basic financial statements are included in the State's CAFR.

The accompanying basic financial statements present all funds and activities for which the Board is responsible.

- C. Basis of Presentation** - The accompanying basic financial statements are presented in accordance with accounting principles generally accepted in the United States of America as prescribed by Governmental Accounting Standards Board (GASB).

Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

- D. Basis of Accounting** - The basic financial statements of the Board are prepared using the economic resource measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when a liability has been incurred, regardless of the timing of the cash flows.

The Board classifies its revenues and expenses as operating or non-operating in the accompanying Statements of Revenues, Expenses, and Changes in Net Position. Operating revenues and expenses generally result from providing services that are necessary to the Board's principal ongoing operations. Operating revenues include activities that have characteristics of exchange transactions and consist primarily of examination and license fees. Operating expenses are all expense transactions incurred other than those related to capital and noncapital financing or investing activities as defined by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting*.

Non-operating revenues and expenses include activities that have characteristics of non-exchange transactions and consist primarily of

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

rental and investing type activities. Building expenses are allocated to operating or non-operating activities based on square footage.

- E. **Cash** - This classification includes cash on deposit and money market accounts with private bank accounts. For the purpose of the Statements of Cash Flows, the Board considers all investments with a maturity of three months or less when purchased to be cash.
- F. **Investments** - This classification includes non-negotiable certificates of deposit with original maturities of more than three months. Certificates of deposit maturing within one year are shown as current. The certificates of deposit are reported at fair market value, which is cost plus accrued interest to date.
- G. **Receivables** - Receivables consist of amounts due from administrative proceedings and are shown at book value with no provision for doubtful accounts considered necessary.
- H. **Capital Assets** - Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. The Board capitalizes assets that have a value or cost of \$500 or greater at the date of acquisition and an expected useful life of in excess of two years.

Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building	10 - 40
Furniture	7 - 10
Equipment	5 - 10
Software	5
Vehicle	5

When an asset is disposed of, the cost of the asset and the related accumulated depreciation are removed from the financial records. Any gain or loss on disposition is reflected as a non-operating activity for the year.

The Board occupies 75% of its building while leasing the other 25% of the building, which is also accounted for as a non-operating activity.

- I. **Noncurrent Liabilities** - Noncurrent liabilities consist of compensated absences that will not be paid within the next fiscal year.

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

- J. Compensated Absences** – Employees are permitted to accumulate earned but unused vacation pay benefits and all vacation pay is accrued when incurred. When determining the vacation pay liability due within one year, leave is considered taken on a last in, first out (LIFO) basis. The Board's policy provides for a maximum accumulation of unused vacation leave of 30 days for staff members and 45 days for the Executive and Deputy Directors which can be carried forward each April 1st or for which an employee can be paid upon termination of employment. Also, any accumulated vacation leave in excess of 30 days as of March 31 is converted to sick leave.

The Board's sick leave policy provides for an unlimited accumulation of earned sick leave. There is no liability for unpaid accumulated sick leave because the Board has no obligation to pay sick leave upon employee termination or retirement.

- K. Net Position** - The Board's net position is classified as follows:

Invested in Capital Assets - This represents the Board's total investment in capital assets, net of accumulated depreciation.

Unrestricted Net Assets - Assets with no external restriction as to use or purpose. They can be employed for any purpose designated by the governing board, as distinguished from funds restricted externally for specific purposes.

Designations of net assets represent tentative management plans that are subject to change based on perceived operating conditions and situations.

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

Designated amounts as of March 31, 2013 were as follows:

Litigation	\$	750,000
Operating Expenses		300,000
Capital Asset Acquisitions and/or Improvements		100,000
Total	\$	<u>1,150,000</u>

L. Budgetary Information – Annual budgets are adopted by the Board and prepared and reported on the accrual basis of accounting. The budget prepared for fiscal year ended March 31, 2013 identifies major sources of revenue and expenses that were intended for the year and is presented as Schedules of Budget and Actual – Revenues, Expenses, and Changes in Net Position in the supplementary information. Although budgeted amounts lapse at year-end, the Board retains its unexpended net assets to fund expenses of the succeeding year.

M. Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates, resulting in adjustments in future periods.

NOTE 2 - DEPOSITS AND INVESTMENTS

A. Deposits - All funds of the Board are deposited in board-designated official depositories or brokerage firms. The Board's deposits include cash on deposit with private bank accounts, money market accounts, and certificates of deposit. The amount shown on the Statements of Net Position as cash consists of deposits in private financial institutions with a carrying value of \$1,895,911, and a bank balance of \$1,958,620. Included in the deposits in private financial institutions are certificates of deposit in the amount of \$1,655,696 reported as investments in the Statements of Net Position.

Custodial credit risk is the risk that in the event of a bank failure, the Board's deposits may not be returned to it. The Board does not have a formal deposit policy for custodial credit risk. The Board's deposits with each commercial bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Board's bank deposits in excess of the FDIC insured limit totaled \$465,710 at March 31, 2013.

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

- B. Investments** - There are no legal limitations on the types of investments by the Board. The Board has adopted formal investment policies to establish investment objectives, standards of prudence, eligible investments, and safekeeping and custodial procedures necessary for the prudent management of the private funds maintained by the Board.

The Board is subject to the following risks:

Interest Rate Risk: Interest rate risk is the risk the Board may face should interest rate variances affect the fair value of investments. In accordance with its investment policy, the Board manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio. For its major investment type, certificates of deposit maturities may not exceed 24 months.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Board manages credit risk by diversifying its investment portfolio. Investments are limited to:

- Obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States
- Obligations of the State of North Carolina
- Time Deposits, Certificates of Deposit, and Savings Accounts of financial institutions with a physical presence in North Carolina

The following table presents the fair value of investments by type and investments subject to interest rate risk and credit risk at March 31, 2013, for the Board's investments.

Investment Type	Fair Value	Properties of Debt Securities	
		Weighted Average Maturities	Ratings
Other Securities:			
Certificates of Deposit	\$ 1,655,696	N/A	N/A

Certificates of deposit reported as investments are also a component of the deposit totals reported in the deposits section of this note.

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

A reconciliation of deposits and investments for the Board to the basic financial statements at March 31, 2013, is as follows:

	Amount
Carrying Amount of Deposits with Private Financial Institutions	\$ 223,144
Money Market Mutual Funds	17,071
Investments in Certificates of Deposit	1,655,696
Total Deposits and Investments	<u>\$ 1,895,911</u>
Current:	
Cash and Cash Equivalents	\$ 240,215
Short-Term Investments	1,018,696
Noncurrent:	
Investments	<u>637,000</u>
Total Deposits and Investments	<u>\$ 1,895,911</u>

NOTE 3 - UNEARNED REVENUE

The Board defers revenue recognition in connection with resources that have been received, but not yet earned. Certificate renewal fees are collected in advance and recorded as unearned revenue at year-end to be recognized as revenue when the license period begins in the next fiscal year. Unearned revenue reported was \$720 and \$51,180 for the periods ended March 31, 2013 and 2012, respectively.

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 - CAPITAL ASSETS

A summary of changes in the capital assets for the year ended March 31, 2013, is presented as follows:

	Balance April 1, 2012	Additions	Deletions	Balance March 31, 2013
Capital Assets, Non-depreciable:				
Land and Improvements	\$ 300,000	\$ -	\$ -	\$ 300,000
Capital Assets, Depreciable:				
Building	917,143	9,241	-	926,384
Furniture	113,918	-	-	113,918
Equipment	201,613	4,471	(37,172)	168,912
Software	180,337	-	-	180,337
Vehicle	26,622	-	-	26,622
Total Capital Assets, Depreciable	1,439,633	13,712	(37,172)	1,416,173
Less Accumulated Depreciation				
Building	(290,899)	(24,713)	-	(315,612)
Furniture	(111,842)	(561)	-	(112,403)
Equipment	(147,849)	(18,867)	37,172	(129,544)
Software	(154,608)	(13,473)	-	(168,081)
Vehicle	(4,437)	(5,324)	-	(9,761)
Total Accumulated Depreciation	(709,635)	(62,938)	37,172	(735,401)
Total Capital Assets, Depreciable	729,998	(49,226)	-	680,772
Capital Assets, Net	\$ 1,029,998	\$ (49,226)	\$ -	\$ 980,772

When an asset is disposed of, the cost of the asset and the related accumulated depreciation are removed from the financial records. Any gain or loss on disposition is reflected in the earnings for the period. The Board occupies 75% of the building and began leasing the other 25% of the office space during the 2012 fiscal year. Depreciation charged to operations and non-operations was \$56,874 and \$6,063, respectively.

NOTE 5 - NON-CURRENT LIABILITIES

A summary of changes in non-current liabilities for the year ended March 31, 2013, is presented as follows:

	Balance April 1, 2012	Additions	Deletions	Balance March 31, 2013	Current Portion
Compensated Absences	\$ 77,458	\$ 82,297	\$ 70,111	\$ 89,644	\$ 25,436

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

NOTE 6 - EMPLOYEE PENSION PLAN

The Board participates in the North Carolina Licensing Board Retirement Savings Plan (Plan), which is a defined contribution plan created under Internal Revenue Code Section 401(k). Employees are eligible to participate in the Plan immediately upon employment. For each year of service, employees vest 20% in employer contributions. A 6% contribution, based on eligible employee compensation, is made monthly by both the Board and the employee. Employees may make additional voluntary contributions to the Plan. The Plan is administered by Prudential Insurance Company of America. Board pension costs including administrative fees, totaled \$51,369 and \$52,272 for fiscal years 2013 and 2012, respectively. Employee contributions totaled \$94,261 and \$87,958 for fiscal years 2013 and 2012, respectively.

NOTE 7 - RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts; theft of, damage to, and the destruction of assets; errors and omissions; injuries to employees; and natural disasters. These exposures to loss are managed using a combination of methods, including purchase of commercial insurance and self-retention of certain risks. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

Public Officers and Employees Liability Insurance – Tort claims against Board members of up to \$1,000,000 are retained by the State under the authority of the State Tort Claims Act. Additional coverage is provided to the Board through the purchase of excess public officers' and employees' liability insurance with a private insurance company.

Fire, Automobile, and Other Loss Insurance - Fire, coverage for other property losses, and vehicular liability insurance are covered by contracts with a private insurance company.

Cyber Risk Insurance – The Board is protected for losses due to risks associated with e-business, the Internet, networks and informational assets.

Employee and Computer Fraud - The Board is protected for losses from employee dishonesty and computer fraud for employees with a private insurance company.

Comprehensive Major Medical Plan - Employees are provided health care coverage by Blue Cross Blue Shield of North Carolina. The Plan is funded by employer and employee contributions.

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

The Board makes the necessary arrangements to carry out the provisions of the Workers' Compensation Act by purchasing workers' compensation insurance for employees through a private insurance company.

NOTE 8 - LEASE REVENUE - NON-OPERATING

Effective December 31, 2011, the Board entered into a three-year agreement to lease office space to The Family Resource Center of Raleigh, Inc. The lease agreement called for monthly payments of \$2,500 to be paid for the first year with a three percent annual increase in monthly payment amounts. The Board also incurred \$5,564 for a lease commission that is being recognized as an expense over the term of the lease. Future minimum lease payments to be received under the lease agreement are as follows:

<u>Fiscal Year</u>	<u>Lease Revenue</u>
2014	\$ 31,209
2015	21,218
	<u>\$ 52,427</u>

NOTE 9 - SCHOLARSHIP AWARD PROGRAMS

The *North Carolina General Statute* 93B-11 allows occupational licensing boards to use the interest earned on its funds for educational purposes to benefit licensees or the public. The Board provides these services through a Uniform CPA Examination "coupon" program and a graduate-level scholarship award program.

The Board awards a coupon, available to one financially-needy student graduating with an undergraduate degree in accounting, to each of the 36 North Carolina colleges and universities which grant undergraduate accounting degrees. Additional coupons are awarded at each of North Carolina's historically black colleges and universities. The coupons are valid for one year from the date of issue and cover the graduating student's initial application fee and the cost of sitting for each section of the Uniform CPA Examination. The current value of each coupon is \$953. The Board accounts for the coupon program by netting the costs associated with the actual redeemed coupons against its examination fee revenues. The cost of the coupon program totaled \$21,793 and \$19,330 for fiscal years 2013 and 2012, respectively.

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

universities that offer a graduate-level degree in accounting. The scholarship is awarded through the college or university in the student's name. The Board accounts for the scholarship program by reporting a scholarship expense at the time the funds are disbursed to the awarding college or university. The cost of the scholarship program totaled \$13,000 and \$6,000 for fiscal years 2013 and 2012, respectively.

NOTE 10 - FUNCTIONAL EXPENSES

The costs of providing the various programs and activities have been presented by their functional categories in the Statements of Revenues, Expenses, and Changes in Net Position. The Supplementary Schedules accompanying the basic financial statements include a summarization of those expenses by their natural classification for each fiscal year. Following are the functional categories and the services associated with those functions:

Administrative - Expenses for the overall direction of the Board, its general board activities, business management, recordkeeping, budgeting, and administrative services. Also included are the costs for the enforcement of all statutes and rules administered by the Board.

Examination - Expenses related to the administration of the Uniform CPA Examination by potential candidates including examination and grading costs.

Building - Maintenance and upkeep costs related to the Board owned building. Costs are allocated as operating and non-operating based on space leased to other occupants per Note 4.

NOTE 11 - CHANGES IN FINANCIAL ACCOUNTING AND REPORTING

For the fiscal year ended March 31, 2013, the Board implemented the following pronouncement issued by the Governmental Accounting Standards Board (GASB):

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONCLUDED)

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, supersedes GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, thereby eliminating the election provided for business-type activities to apply post-November 30, 1989, FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. This Statement has been applied retrospectively and had no impact on the Board's net assets, changes in net assets or financial reporting disclosures.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides guidance on how to present two newer financial statement elements - "deferred inflows" and "deferred outflows" - within a government's financial statements. Format changes to the balance sheet resulted in terminology changes from the "Net Asset" concept to the "Net Position" concept.

NOTE 12 - RECLASSIFICATION

Information related to payments to employees for services and payments for administrative, examination, and building expenses in the 2012 comparative Statements of Cash Flows has been reclassified to conform to the 2013 presentation.

The Board audit was conducted in 60 hours at a total audit cost of \$7,700.

North Carolina State Board of Certified Public Accountant Examiners
Schedules of Administrative Expenses
For the Fiscal Years Ended March 31

	2013	2012
Administrative Expenses		
Salaries and Employee Benefits	\$ 1,211,822	\$ 1,080,761
Legal Counsel and Hearing Expense	41,407	38,691
Travel - Board Members	58,531	47,714
Postage	87,800	76,692
Depreciation	38,686	43,882
Printing	52,848	54,315
Credit Card Fees - License Renewals	40,337	43,297
Travel - Staff	44,383	41,051
Website Maintenance	3,831	14,903
Computer Programming and Assistance	1,740	2,965
Office Supplies	12,479	9,806
Insurance	14,157	9,288
Scholarships	13,000	6,000
Telephone	6,806	6,822
Dues and Subscriptions	12,575	10,911
Audit Fees	7,400	7,125
Clipping Service	4,377	4,369
Professional Continuing Education	3,234	1,850
Equipment Repairs and Maintenance	2,947	5,546
Consulting Fees	-	1,105
Payroll Service	1,819	1,752
Computer Software	43,522	32,735
Equipment Rental	890	869
Banking Fees	3,992	4,144
Miscellaneous	4,696	3,624
Total Administrative Expenses	\$ 1,713,279	\$ 1,550,217

North Carolina State Board of Certified Public Accountant Examiners
Schedules of Examination Expenses
For the Fiscal Years Ended March 31

	<u>2013</u>	<u>2012</u>
Examination Expenses		
Examinations and Grading	\$ 979,094	\$ 1,036,110
Postage	<u>1,380</u>	<u>1,259</u>
Total Examination Expenses	<u>\$ 980,474</u>	<u>\$ 1,037,369</u>

North Carolina State Board of Certified Public Accountant Examiners
Schedules of Building Expenses
For the Fiscal Years Ended March 31

	2013	2012
Building Expenses - Operating		
Depreciation	\$ 18,188	\$ 16,194
Utilities	9,271	6,496
Maintenance	16,681	23,567
Insurance	3,164	2,611
Total Building Expenses - Operating	\$ 47,304	\$ 48,868
 Building Expenses - Non-Operating		
Depreciation	\$ 6,063	\$ 5,049
Utilities	3,090	2,166
Maintenance	5,560	7,855
Insurance	1,055	871
Leasing Commission	1,855	618
Total Building Expenses - Non-Operating	\$ 17,623	\$ 16,559

*North Carolina State Board of Certified Public Accountant Examiners
Schedules of Budget and Actual - Revenues, Expenses, and Changes in Net Position
For the Fiscal Years Ended March 31*

	2013			2012		
	Budget	Actual	Over (Under) Budget	Budget	Actual	Over (Under) Budget
Revenues						
Examination Fees	\$ 1,479,074	\$ 1,435,721	\$ (43,353)	\$ 1,564,688	\$ 1,494,670	\$ (70,018)
Licensing Fees	1,298,460	1,295,485	(2,975)	1,249,000	1,275,560	26,560
Other	75,520	65,869	(9,651)	32,000	58,826	26,826
Total Revenues	2,853,054	2,797,075	(55,979)	2,845,688	2,829,056	(16,632)
Expenses						
Personnel	1,292,764	1,256,205	(36,559)	1,149,809	1,126,048	(23,761)
Examination	1,078,300	980,474	(97,826)	1,154,000	1,037,369	(116,631)
Scholarship	10,000	13,000	3,000	10,000	6,000	(4,000)
Office	303,000	305,451	2,451	301,825	287,882	(13,943)
Board and Legal	123,190	99,938	(23,252)	150,441	86,405	(64,036)
Building	51,530	40,675	(10,855)	58,901	44,184	(14,717)
Depreciation	-	62,938	62,938	-	65,125	65,125
Total Expenses	2,858,784	2,758,681	(100,103)	2,824,976	2,653,013	(171,963)
Change in Net Position	(5,730)	38,394	44,124	20,712	176,043	155,331
Net Position - Beginning of Year	2,281,252	2,281,252	-	2,105,209	2,105,209	-
Net Position - End of Year	\$ 2,275,522	\$ 2,319,646	\$ 44,124	\$ 2,125,921	\$ 2,281,252	\$ 155,331

NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS

CASE #: 200602-021

IN THE MATTER OF:

Michael H. Lippman, #13596
Respondent

CONSENT ORDER

THIS CAUSE, coming before the North Carolina State Board of CPA Examiners ("Board") at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to N.C. Gen. Stat. § 150B-41, the Board and Respondent stipulate to the following FINDINGS OF FACT:

1. Michael Lippman ("Respondent") is the holder of North Carolina certificate number 13596 as a Certified Public Accountant.
2. Beginning in 1998, Respondent was the National Partner in Charge of National Tax Services for KPMG. One of the groups under Respondent's authority was the Washington National Tax Practice ("WNT").
3. For the time period from about 1996 through 2002, KPMG developed, implemented, and marketed certain tax shelters including KPMG's Foreign Leveraged Investment Program ("FLIP"), Bond Linked Issue Premium Structure ("BLIPS"), Offshore Portfolio Investment Strategy ("OPIS"), and Short Option Strategy ("SOS"), as well as other variants on those programs (hereinafter the "Tax Shelters").
4. KPMG marketed its Tax Shelters to residents in the State of North Carolina and implemented some of those Tax Shelters on behalf of its North Carolina clients.
5. On February 14, 2012, KPMG entered into a Consent Order with the Board regarding the Tax Shelters. The Consent Order imposed sanctions on KPMG based upon the actions of certain of its former partners and employees in developing, marketing and implementing of the Tax Shelters.
6. Although Respondent did not develop, market or implement the Tax Shelters, certain partners within WNT were involved in developing the Tax Shelters.

Consent Order - 2
Lippman, Michael

7. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondent understands and agrees that this Consent Order is subject to review and approval by the Board and is not effective until approved by the Board at a duly constituted Board Meeting.

Based upon the foregoing findings, the Board makes the following CONCLUSIONS OF LAW:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes ("Accountancy Act") and Title 21, Chapter 8 of the North Carolina Administrative Code including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board ("Board Rules").
2. The aforementioned actions by members of KPMG's Washington National Tax Practice constitute violations of 21 NCAC 08N .0201, .0202(a), .0203(a) and .0212(2). Those violations are attributable to Respondent by virtue of 21 NCAC 08N .0103, which makes Respondent responsible for assuring compliance by anyone who is his partner or who is supervised by him.
3. Per N.C. Gen. Stat. § 93-12(9) and also by virtue of Respondent's consent to this order, Respondent is subject to the discipline set forth below.

BASED on the foregoing and in lieu of further proceedings, the Board and Respondent agree to the following Order:

1. The Certified Public Accountant certificate issued to Respondent, Michael Lippman, is suspended for five years. That suspension is stayed. The stay may be lifted in the event the Board proves Respondent has violated any provision of the Accountancy Act or Board Rules.
2. Respondent shall remit, with this signed Order, a one thousand dollar (\$1,000.00) civil penalty.
3. Respondent shall reimburse the Board for the administrative costs incurred by the Board in its investigation of this matter. Those administrative costs must be remitted to the Board with this signed Order.

Consent Order - 3
Lippman, Michael

CONSENTED TO THIS THE 26th DAY OF August, 2013.


Michael Lippman

APPROVED BY THE BOARD THIS THE 23 DAY OF SEPTEMBER, 2013.

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS



BY: 
Vice-President

NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #: C2011140

IN THE MATTER OF:
James R. Hovis, Jr., #17242
Respondent

CONSENT ORDER

THIS CAUSE, coming before the North Carolina State Board of CPA Examiners ("Board") at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to N. C. Gen. Stat. § 150B-41, the Board and Respondent stipulate to the following:

1. James R. Hovis, Jr., (hereinafter "Respondent") is the holder of North Carolina certificate number 17242 as a Certified Public Accountant.
2. At all times relevant, Respondent was an owner of James R. Hovis, Jr. Certified Public Accountant, PLLC (hereinafter "Firm"), and was responsible for the Firm's operations, including the Firm's payroll tax deposits and retirement accounts.
3. The Firm offered to certain employees a retirement plan with an employer match (hereinafter "Retirement Plan"). For a period of time, Respondent failed to transfer his employees' deferred compensation into the Retirement Plan.
4. Respondent failed to timely remit 941 payments for some of the quarters between March 2006 and September 2010.
5. Respondent also failed to timely file the Firm's quarterly 941 returns at least once.
6. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondent understands and agrees that this Consent Order is subject to review and approval by the Board and is not effective until approved by the Board at a duly constituted Board Meeting.

BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 08 of the North Carolina



Consent Order - 2
James R. Hovis, Jr.

Administrative Code, including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. Respondent's actions as set out above constitute violations of NCAC 08N .0201, .0203, and .0207.
3. Per N.C. Gen. Stat. § 93-12(9) and also by virtue of Respondent's consent to this order, Respondent is subject to the discipline set forth below.

BASED on the foregoing and in lieu of further proceedings, the Board and Respondent agree to the following Order:

1. Respondent's CPA certificate shall be suspended for two (2) years; however, said suspension shall be stayed. If the Respondent fails to timely comply with any and all terms of this Order, the stay of the suspension referenced shall be lifted.
2. Respondent shall remit, with this signed Order, a one thousand dollar (\$1,000.00) civil penalty.
3. Respondent shall reimburse the Board seven thousand five hundred dollars (\$7,500.00) for the administrative costs incurred by the Board in its investigation of this matter. Those costs must be remitted to the Board no later than six (6) months from the date this Order is approved by the Board.
4. Respondent must provide the Board, over the next two (2) years, with proof that the quarterly payroll obligations for the Firm have been timely filed and paid.

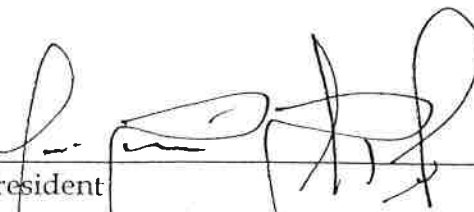
CONSENTED TO THIS THE 20 DAY OF August, 2013.

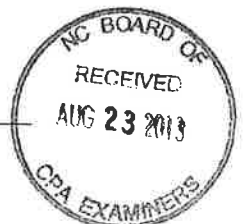

Respondent

APPROVED BY THE BOARD THIS THE 23 DAY OF SEPTEMBER, 2013.

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS



BY: 
President



NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #s: C2012183-1 and C2012183-2

IN THE MATTER OF:
James E. Avent, Jr. #16850
James E. Avent, Jr., CPA
Respondents

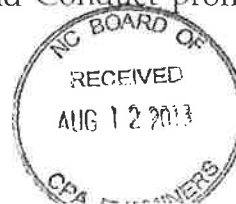
CONSENT ORDER

THIS CAUSE, coming before the North Carolina State Board of CPA Examiners ("Board") at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to N. C. Gen. Stat. § 150B-41, the Board and Respondents stipulate to the following:

1. Respondent James E. Avent, Jr. (hereinafter "Respondent Avent") is the holder of North Carolina certificate number 16850 as a Certified Public Accountant.
2. Respondent James E. Avent, Jr., CPA (hereinafter "Respondent Firm"), is a registered certified public accounting firm in North Carolina. Respondent Avent is the sole owner of Respondent Firm and has been individually responsible for the conduct of Respondent Firm.
3. In September of 2011, the Internal Revenue Service ("IRS") filed tax liens against Respondents for failure to insure payment of 940 and 941 taxes totaling \$14,285.01. Respondents had timely filed all 940 and 941 tax forms, but had not paid all taxes due in full at the time of filing.
4. By April 23, 2012, Respondents paid all of the delinquent taxes. All tax liens were released on May 11, 2012.
5. Respondents wish to resolve these matters by consent and agree that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondents understand and agree that this Consent Order is subject to review and approval by the Board and is not effective until approved by the Board at a duly constituted Board Meeting.

BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondents are subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 08 of the North Carolina Administrative Code, including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.




Consent Order - 2
James E. Avent, Jr.
James E. Avent, Jr., CPA

2. Respondents' actions as set out above constitute violations of 21 NCAC 08N .0201, .0203(a), and .0207.
3. Per N.C. Gen. Stat. § 93-12(9) and also by virtue of Respondents' consent to this order, Respondents are subject to the discipline set forth below.

BASED on the foregoing and in lieu of further proceedings, the Board and Respondents agree to the following Order:

1. Respondent Avent voluntarily surrenders his North Carolina CPA certificate without the ability to apply for reissuance, reinstatement, or modification of discipline. As such, Respondent Avent shall not offer or render services as a CPA or otherwise trade upon or use the CPA title in this State whether through CPA mobility provisions or substantial equivalency practice privileges or in any other manner.
2. Respondent Firm, James E. Avent, Jr., CPA, voluntarily surrenders its firm registration.
3. Respondents waive any rights, privileges, or protections that may be afforded by 21 NCAC 08J .0106, 08I .0104, or N.C. Gen. Stat. § 93-10.

CONSENTED TO THIS THE 19th DAY OF JULY, 2013.



Respondent

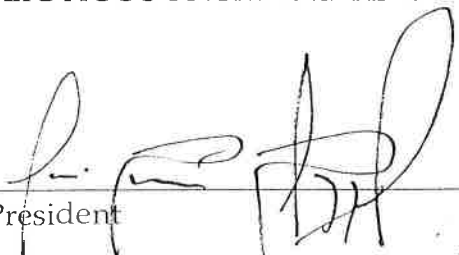


Individual authorized to sign on behalf of Respondent Firm

APPROVED BY THE BOARD THIS THE 23 DAY OF SEPTEMBER, 2013.

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS



BY: 
President



NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #: C2012311-1

IN THE MATTER OF:

James G. Kimbrough, Jr. Certified Public Accountant
Respondent

CONSENT ORDER

THIS CAUSE, coming before the North Carolina State Board of CPA Examiners ("Board") at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to N. C. Gen. Stat. § 150B-41, the Board and Respondent stipulate to the following:

1. Respondent James G. Kimbrough, Jr. Certified Public Accountant (hereinafter "Respondent firm"), is a registered certified public accounting firm in North Carolina.
2. Respondent firm received a "fail" on its most recent system peer review, with an acceptance letter date of December 19, 2012.
3. Respondent firm failed to adopt and maintain a system of quality control and failed to perform an audit in accordance with standards.
4. Respondent firm wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondent firm understands and agrees that this Consent Order is subject to review and approval by the Board and is not effective until approved by the Board at a duly constituted Board Meeting.

BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondent firm is subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 08 of the North Carolina Administrative



Code, including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. Respondent firm's failure to perform an audit in accordance with standards is a violation of 21 NCAC 08N .0403 and .0212.
3. By virtue of Respondent firm's consent to this order, Respondent firm is subject to the discipline set forth below.

BASED on the foregoing and in lieu of further proceedings, the Board and Respondent firm agree to the following Order:

1. Respondent firm is censured.
2. Respondent firm shall provide a written statement to the Board that it will no longer be participating in, performing, or reviewing any engagements subject to peer review.
3. Prior to Respondent firm participating in, performing, or reviewing any engagements subject to peer review, Respondent firm shall be required to complete the following:
 - a. Respondent firm shall provide prior notification to the Board of Respondent firm's intention to enter into engagements subject to peer review;
 - b. Each of Respondent firm's professional staff participating in engagements subject to peer review shall take a minimum of sixteen (16) hours of Audit CPE coursework in a group study format. After Respondent firm begins participating in, performing, or reviewing any engagements subject to peer review, each staff member shall complete eight (8) hours of Audit CPE coursework as part of their annual CPE requirement until Respondent firm receives a pass on a system peer review, or a pass or pass with deficiencies on an engagement peer review; and
 - c. Pre-issuance reviews, to be performed by a pre-issuance reviewer approved by the Board, for all peer review engagements until a determination is made by the Board that those engagements can be



Consent Order - 3

James G. Kimbrough, Jr. Certified Public Accountant

performed by Respondent firm in accordance with applicable standards.

CONSENTED TO THIS THE 14 DAY OF AUGUST, 2013.

James G. Kimbrough, Jr., CPA
Individual authorized to sign on behalf of Respondent Firm

APPROVED BY THE BOARD THIS THE 23 DAY OF SEPTEMBER, 2013.

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS



BY:

[Signature]
President



NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #: C2012354

IN THE MATTER OF:
Kenneth C. Porter, #12546 (Inactive)
Respondent

CONSENT ORDER

THIS CAUSE, coming before the North Carolina State Board of CPA Examiners ("Board") at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to N. C. Gen. Stat. § 150B-41, the Board and Respondent stipulate to the following:

1. Kenneth C. Porter (hereinafter "Respondent") was the holder of North Carolina certificate number 12546 as a Certified Public Accountant. In July of 2012, Respondent applied for and was granted "Inactive" status.
2. In December of 2011, Respondent sold his North Carolina CPA firm to another North Carolina CPA firm ("Purchasing firm"), which included a covenant of non-competition placing restrictions on his practice in the area.
3. In letters sent to the clients of his firm, Respondent informed the clients that he had "merged" his firm with the Purchasing firm, referencing a "combined firm" and "new partners."
4. Respondent failed to obtain client authorization before releasing confidential client information to the Purchasing firm.
5. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondent understands and agrees that this Consent Order is subject to review and approval by the Board and is not effective until approved by the Board at a duly constituted Board Meeting.

BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 08 of the North Carolina



Consent Order - 2
Kenneth C. Porter


Administrative Code, including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. Respondent's releases of confidential client information without prior authorization by the clients constitute violations of 21 NCAC 08N .0205.
3. Per N.C. Gen. Stat. § 93-12(9) and also by virtue of Respondent's consent to this order, Respondent is subject to the discipline set forth below.

BASED on the foregoing and in lieu of further proceedings, the Board and Respondent agree to the following Order:

1. Respondent is censured.
2. Respondent shall pay a one thousand dollar (\$1,000.00) civil monetary penalty to be remitted with this signed Consent Order.

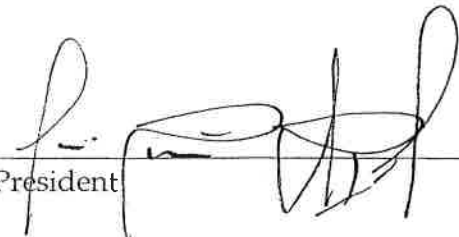
CONSENTED TO THIS THE 12 DAY OF August, 2013.


Respondent

APPROVED BY THE BOARD THIS THE 23 DAY OF SEPTEMBER, 2013.

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS



BY: 
President



NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS

CASE #: C2013004

IN THE MATTER OF:
William Knox Lively, #26469
Respondent

CONSENT ORDER

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to N.C. Gen. Stat. § 150B-41, the Board and Respondent stipulate to the following Findings:

1. Respondent is the holder of North Carolina certificate number 26469 as a Certified Public Accountant.
2. Respondent informed the Board on his 2011-2012 and 2012-2013 individual certificate renewals ("Renewals") that he had obtained all necessary CPE, including the required ethics CPE, for the years 2010 and 2011.
3. Based on Respondent's representation, the Board accepted his Renewals.
4. Board staff subsequently requested that Respondent provide certificates of completion for the CPE reported to meet his 2011 requirements (the "CPE Audit").
5. In response to the CPE Audit, Respondent provided documentation that, on its face, indicated that Respondent had met all 2011 CPE requirements.
6. Respondent later decided to send an unsolicited letter to the Board admitting that he had created a certificate of completion for a 2011 ethics course in order to pass the CPE Audit.
7. In the same letter, Respondent also admitted that he had not completed his 2010 ethics requirement.
8. Respondent was otherwise able to provide certificates of completion to show compliance with the 40-hour annual CPE requirement for 2010 and 2011.
9. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondent understands and agrees that this Consent Order is subject to review and approval by the Board and is not effective until approved by the Board at a duly constituted Board meeting.

Consent Order -2
William Knox Lively

BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 08 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.
2. Respondent's actions as set out above constitute violations of 21 NCAC 08N .0201, .0202(a), .0202(b)(3), .0202(b)(4), .0203(a), and .0203(b)(1).
3. Per N.C. Gen. Stat. § 93-12(9) and also by virtue of Respondent's consent to this Order, Respondent is subject to the discipline set forth below.

BASED on the foregoing and in lieu of further proceedings, the Board and Respondent agree to the following Consent Order:

1. The Certified Public Accountant certificate issued to Respondent, William Knox Lively, is hereby suspended for five (5) years.
2. Respondent shall not offer or render services as a CPA or otherwise trade upon or use the CPA title in this state either through CPA mobility provisions or substantial equivalency practice privileges or in any other manner, nor shall Respondent claim or attempt to use any practice privileges in any other state during the period of active suspension of his North Carolina certificate.

CONSENTED TO THIS THE 28th DAY OF August, 2013.

William Knox Lively
Respondent

APPROVED BY THE BOARD THIS THE 23 DAY OF SEPTEMBER, 2013.

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS



BY: [Signature]
President

NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #s: C2013041 and C2013106

IN THE MATTER OF:

Hiestand, Brand, Loughran, P.A.
Christopher Lee Hiestand, #N1522
Respondents

CONSENT ORDER

THIS CAUSE, coming before the North Carolina State Board of CPA Examiners ("Board") at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to N. C. Gen. Stat. § 150B-41, the Board and Respondent stipulate to the following:

1. Hiestand, Brand, Loughran, P.A. (hereinafter "Respondent Firm") is a registered certified public accounting professional corporation in North Carolina.
2. Christopher Lee Hiestand (hereinafter "Respondent Hiestand") is the holder of a valid and unrevoked certificate as a certified public accountant issued by the State of Florida. Respondent Hiestand has a principal place of business outside of the State of North Carolina, but has, as set forth below, exercised a practice privilege to perform services in this State. As such, Respondent Hiestand is subject to the laws, rules, jurisdiction, and disciplinary authority of this Board, per N.C. Gen. Stat. § 93-10(b). Additionally, Respondent Hiestand has filed a North Carolina "Intent to Practice" number N1522 as a Certified Public Accountant.
3. Respondent Firm complied with applicable firm registration requirements and registered with the Board under a compliant firm name.
4. Despite its registration under a compliant firm name, Respondent Firm failed to use that firm name in conducting business in this State.
5. Respondent Firm has identified Respondent Hiestand as the CPA in charge of ensuring Respondent Firm's compliance with this State's regulations.
6. Respondents wish to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondents understand and agree that this Consent Order is subject to review and approval by the Board and is not effective until approved by the Board at a duly constituted Board Meeting.



Consent Order - 2
Hiestand, Brand & Loughran, P.A.
Christopher Lee Hiestand

BASED upon the foregoing, the Board makes the following Conclusions of Law:


1. Respondents are subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 08 of the North Carolina Administrative Code, including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.
2. Respondents' actions as set out above constitute violations of 08N .0306 and .0307.
3. Per N.C. Gen. Stat. §§ 93-12(9) and 93-10(b) and also by virtue of Respondents' consent to this order, Respondent is subject to the discipline set forth below.

BASED on the foregoing and in lieu of further proceedings, the Board and Respondents agree to the following Order:

1. Respondent Hiestand is censured.
2. Respondent Firm is censured.
3. Respondent Firm shall pay a one thousand dollar (\$1,000.00) civil monetary penalty to be remitted with this signed Consent Order.

CONSENTED TO THIS THE 15th DAY OF AUGUST, 2013.


Respondent Hiestand


Individual authorized to sign on behalf of Respondent Firm

APPROVED BY THE BOARD THIS THE 23 DAY OF SEPTEMBER, 2013.

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS



BY: 
President



NORTH CAROLINA
WAKE COUNTY

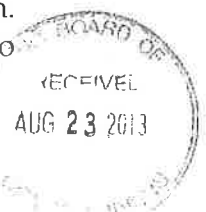
BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #: C2013109

IN THE MATTER OF:
Jeremy D. Parvin, #28446
Respondent

CONSENT ORDER

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to N.C. Gen. Stat. § 150B-41, the Board and Respondent stipulate to the following Findings:

1. Respondent is the holder of North Carolina certificate number 28446 as a Certified Public Accountant.
2. Respondent informed the Board on his 2012-2013 individual certificate Renewal ("Renewal") that between January 1, 2011, and June 30, 2012, he had obtained forty (40) hours of continuing professional education ("CPE"), had completed the annual approved ethics CPE course, and had completed at least eight (8) hours of non-self-study CPE to meet the 2011 CPE requirements.
3. Based on Respondent's representation, the Board accepted his Renewal.
4. Board staff requested that Respondent provide certificates of completion for the CPE reported to meet his 2011 and 2012 requirements.
5. Respondent provided the CPE certificates of completion to the Board as requested. Respondent was able to provide documentation for forty (40) hours of continuing professional education ("CPE") to meet the 2011 and 2012 CPE requirements. However, Respondent was not able to provide documentation of acceptable ethics courses to meet the annual ethics CPE requirements.
6. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondent understands and agrees that this Consent Order is subject to



review and approval by the Board and is not effective until approved by the Board at a duly constituted Board meeting.

BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 08 of the North Carolina Administrative Code, including the Rules of Professional Ethics and Conduct promulgated and adopted herein by the Board.
2. Respondent's actions as set out above constitute violations of 21 NCAC 08N .0202(a), .0202(b)(3), and .0202(b)(4).
3. Per N.C. Gen. Stat. § 93-12(9) and also by virtue of Respondent's consent to this Order, Respondent is subject to the discipline set forth below.

BASED on the foregoing and in lieu of further proceedings, the Board and Respondent agree to the following Consent Order:

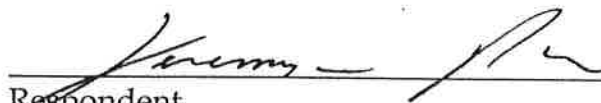
1. Respondent's failure to provide adequate documentation of ethics CPE renders the Renewal insufficient and untimely. Respondent's failure to adequately renew his certificate results in an automatic forfeiture pursuant to N.C. Gen. Stat. § 93-12(15).
2. Respondent must return his certificate to the Board within fifteen (15) days of Respondent's receipt of the Board's notification of its approval of this Consent Order.
3. Respondent may apply for the reissuance of his certificate after one (1) year from the date the Board approves this Consent Order and if Respondent's certificate and the civil penalty required in number five (5) of this Order have been timely received by the Board.
4. Respondent may apply to return his certificate to active status by submission and approval of a reissuance application which includes:
 - a. Application form,
 - b. Payment of the application fee,
 - c. Three (3) moral character affidavits, and
 - d. Forty (40) hours of CPE in the twelve (12) months preceding the application, including an eight (8) hour accountancy law course as offered by the North Carolina Association of CPAs.



Consent Order -3
Jeremy D. Parvin

5. Respondent shall pay a one thousand dollar (\$1,000.00) civil penalty to be remitted to the Board prior to submitting a reissuance application.
6. Respondent agrees that failure to timely comply with any terms of this agreement and Consent Order shall be deemed sufficient grounds for revocation of her certificate.

CONSENTED TO THIS THE 16th DAY OF August, 2013.


Respondent

APPROVED BY THE BOARD THIS THE 23 DAY OF SEPTEMBER, 2013.

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS



BY: 
President



NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #C2013153

IN THE MATTER OF:
Aletta M. Lane, #29180
Respondent

ORDER

THIS MATTER having come before the Board with a quorum present, and having been consented to by the Respondent, the Board finds and orders as follows:

1. Aletta M. Lane (hereinafter "Ms. Lane") is the holder of a certificate as a Certified Public Accountant in North Carolina.
2. Ms. Lane failed to timely renew or cancel the annual firm registration for Aletta M. Lane, CPA, in accordance with provisions as required by N. C. Gen. Stat. § 93-12 (7b) and 21 NCAC 08J .0108 (b) and (g), and 08N .0213.
3. On February 7, 2013, Ms. Lane informed the Board that she does not desire to renew the firm registration for Aletta M. Lane, CPA, for the coming year.
4. Pursuant to 21 NCAC 08J .0111(1), because Ms. Lane's infraction was for a period of less than 60 days, the appropriate penalty is \$100.00.
5. Ms. Lane has paid her civil penalty and consents to the entry of this Order and has waived any right to a hearing.
6. The Board members present, representing a quorum of the Board, have unanimously decided to accept Ms. Lane's payment as full resolution of the aforementioned rules violation.

This the 23 day of SEPTEMBER, 2013.



NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS

BY: _____
President

NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #C2013155

IN THE MATTER OF:

Patsy Rutledge Bolick, #19567
Respondent

ORDER

THIS MATTER having come before the Board with a quorum present, and having been consented to by the Respondent, the Board finds and orders as follows:

1. Patsy Rutledge Bolick (hereinafter "Ms. Bolick") is the holder of a certificate as a Certified Public Accountant in North Carolina.
2. Ms. Bolick failed to timely renew or cancel the annual firm registration for Patsy Rutledge Bolick, CPA, in accordance with provisions as required by N. C. Gen. Stat. § 93-12 (7b) and 21 NCAC 08J .0108 (b) and (g), and 08N .0213.
3. On April 5, 2013, Ms. Bolick informed the Board that she does not desire to renew the firm registration for Patsy Rutledge Bolick, CPA, for the coming year.
4. Pursuant to 21 NCAC 08J .0111(2), because Ms. Bolick's infraction was for a period of more than 60 days, but less than 120 days, the appropriate penalty is \$200.00.
5. Ms. Bolick has paid her civil penalty and consents to the entry of this Order and has waived any right to a hearing.
6. The Board members present, representing a quorum of the Board, have unanimously decided to accept Ms. Bolick's payment as full resolution of the aforementioned rules violation.

This the 23 day of SEPTEMBER, 2013.



NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS

BY: _____
President

NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #C2013160

IN THE MATTER OF:

Douglas Justin Campbell, #29539
Respondent

ORDER

THIS MATTER having come before the Board with a quorum present, and having been consented to by the Respondent, the Board finds and orders as follows:

1. Douglas Justin Campbell (hereinafter "Mr. Campbell") is the holder of a certificate as a Certified Public Accountant in North Carolina.
2. Mr. Campbell failed to timely renew or cancel the annual firm registration for Campbell CPA, PC, in accordance with provisions as required by N. C. Gen. Stat. § 93-12 (7b) and 21 NCAC 08J .0108 (b) and (g), and 08N .0213.
3. Pursuant to 21 NCAC 08J .0111(3), because Mr. Campbell's infraction was for a period of more than 120 days, the appropriate penalty is \$500.00.
4. Mr. Campbell has paid his civil penalty and consents to the entry of this Order and has waived any right to a hearing.
5. The Board members present, representing a quorum of the Board, have unanimously decided to accept Mr. Campbell's payment as full resolution of the aforementioned rules violation.

This the 23 day of SEPTEMBER, 2013.



NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS

BY: _____

President



THE NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC
ACCOUNTANT EXAMINERS

IN THE MATTER OF:
Randeep Singh Brar
Respondent, Case #C2013024

NOTICE OF APPARENT VIOLATION
AND DEMAND TO CEASE AND DESIST

TO THE ABOVE NAMED RESPONDENT:

WHEREAS, the North Carolina State Board of Certified Public Accountant Examiners ("Board") is authorized by N.C. Gen. Stat. § 93-12 (16) to enforce the provisions of the North Carolina Certified Public Accountant Act through actions for injunctive relief regarding "a single violation" of this Chapter;

WHEREAS, pursuant to N.C. Gen. Stat. § 93-1, "A 'certified public accountant' is a person who holds a certificate as a certified public accountant issued under the provisions of this Chapter";

WHEREAS, pursuant to N.C. Gen. Stat. § 93-3, "It shall be unlawful for any person who has not received a certificate of qualification or not been granted a practice privilege under GS 93-10 admitting the person to practice as a certified public accountant to assume or use such a title, or to use any words, letters, abbreviations, symbols or other means of identification to indicate that the person using same has been admitted to practice as a certified public accountant";

WHEREAS, pursuant to N.C. Gen. Stat. § 93-6, "It shall be unlawful for any person to engage in the public practice of accountancy in this State who is not a holder of a certificate as a certified public accountant issued by the Board, unless such person uses the term 'accountant' and only the term 'accountant' in connection with his name on all reports, letters of transmittal, or advice, and on all stationery and documents used in connection with his services as an accountant, and refrains from the use in any manner of any other title or designation in such practice."

WHEREAS, Respondent Randeep Singh Brar (hereinafter "Brar") is actively licensed as a certified public accountant in the Commonwealth of Virginia, but he is not now, nor has he ever been, licensed as a certified public accountant in North Carolina;

WHEREAS, Brar lives, and has a principal place of business, in the State of North Carolina;

WHEREAS, Brar, while living and working in North Carolina, has held himself out as a certified public accountant as evinced by an audit report issued to a North Carolina client which Brar signed as a "Certified Public Accountant."

WHEREAS, Brar engaged in the public practice of accountancy by performing an audit and issuing an audit report without either obtaining licensure in this State or using the title "accountant" and only "accountant."

THEREFORE, Brar is hereby notified and the North Carolina State Board of Certified Public Accountant Examiners demands that he immediately cease and desist from offering services or using in any manner the title "CPA" or "Certified Public Accountant" in North Carolina unless and until Brar has been licensed as a CPA by the North Carolina State Board of Certified Public Accountant Examiners.

North Carolina State Board of Certified Public Accountant Examiners

BY: [Signature] DATE: 8-8-13
Frank X. Trainor, III
Board Staff Attorney

In lieu of civil proceedings authorized by N.C. Gen. Stat. § 93-12(16), the Board will accept Respondent's consent to this Demand.

Consented to:
BY: [Signature] DATE: 8/29/2013
Randeep Singh Brar

WAKE County, North Carolina

Signed and sworn to (or affirmed) before me this day by Randeep Singh Brar
Name of principal

Date: 8/29/2013



[Signature]
Official Signature of Notary

Marion F. Speller, Notary Public
Notary's printed or typed name

My commission expires: 3/29/2014

Financial Highlights
For the Six Month Period Ended September 30, 2013
Compared to the Six Month Period Ended September 30, 2012

	Budget Var.	Sep-13	Sep-12	Inc. (Dec.)
Total Revenue	-\$3,855.47	\$ 1,922,356.57	\$ 1,967,974.06	\$ (45,617.49)
■ Total Operating Revenue	-\$762.22	\$ 1,894,074.80	\$ 1,936,914.32	\$ (42,839.52)
❖ Total Net Non Operating Revenue	-\$3,093.25	\$ 28,281.77	\$ 31,059.74	\$ (2,777.97)
○ Total Expenses	-\$101,337.79	\$ 1,352,810.70	\$ 1,362,984.20	\$ (10,173.50)
Increase(Dec.) Net Assets for Period		\$ 569,545.87	\$ 604,989.86	\$ (35,443.99)
Total Checking and Savings		\$ 957,232.43	\$ 885,288.90	\$ 71,943.53
Total Assets		\$ 3,493,136.52	\$ 3,548,660.10	\$ (55,523.58)
Full-Time/Part-time Employees		13/1	13/1	0/0

Revenues were generally close to budget. Variance applicable to non-operating due to gift card revenue budgeted to offset NASBA travel costs in October.

Actual expenses were \$101,000 under budget, primarily due to health benefit costs (\$24,500), reduced legal/litigation costs (\$20,000), board/staff travel (\$19,000), exam costs (\$13,500), and unexpended scholarships (\$8,000).

- Total operating revenue decreased this period compared to prior by \$43,000 primarily due to a decrease in exam fee revenue (\$71,000) but offset by an increase in certificate fee revenue \$28,000.
- ❖ Total net non operating revenue decreased this period compared to prior by \$2,800 primarily due to reduced interest income.
- Total expenses decreased this period compared to prior by \$10,000 primarily due to decreased exam fee costs

10/03/13

NC Board of CPA Examiners
Statement of Net Position
 As of September 30, 2013

	Sep 30, 13	Sep 30, 12
ASSETS		
Current Assets		
Checking/Savings		
1074 · Trust Atlantic Bank - MMA	486,563.24	156,590.35
1023 · BB&T Disciplinary Clearing Acct	13,244.10	500.00
1020 · BB&T Checking Acct	143,308.44	614,240.33
1021 · BB&T Savings Account	314,016.65	113,858.22
1030 · BB&T Payroll Acct	100.00	100.00
Total Checking/Savings	<u>957,232.43</u>	<u>885,288.90</u>
Other Current Assets		
1110 · Accrued CD Interest	9,299.52	8,618.19
1050 · CD Investments - Current	672,067.79	349,454.81
1165 · Deferred Lease Commissions	3,090.84	4,945.44
1125 · Accts Rec Civil Penalties	2,850.00	5,000.00
1120 · Accounts Receivable	290.00	981.71
Total Other Current Assets	<u>687,598.15</u>	<u>369,000.15</u>
Total Current Assets	<u>1,644,830.58</u>	<u>1,254,289.05</u>
Fixed Assets		
1330 · Land Improvement	9,240.90	9,240.90
1300 · Building	917,143.10	917,143.10
1305 · Land	300,000.00	300,000.00
1306 · Vehicle	26,622.40	26,622.40
1310 · Furniture	113,918.90	113,918.90
1320 · Equipment	196,556.31	203,481.37
1325 · Data Base Software	180,336.18	180,336.18
1390 · Accumulated Depreciation	-735,245.66	-709,633.91
Total Fixed Assets	<u>1,008,572.13</u>	<u>1,041,108.94</u>
Other Assets		
1250 · CD Investments Non-Current	839,733.81	1,253,262.11
Total Other Assets	<u>839,733.81</u>	<u>1,253,262.11</u>
TOTAL ASSETS	<u>3,493,136.52</u>	<u>3,548,660.10</u>
LIABILITIES & NET ASSETS		
Liabilities		
Current Liabilities		
Other Current Liabilities		
2040 · Accounts Payable Civil Penalty	2,565.00	4,511.00
2005 · Due to Exam Vendors	511,828.10	580,348.51
2015 · Accrued Vacation Current	25,435.87	0.00
Total Other Current Liabilities	<u>539,828.97</u>	<u>584,859.51</u>
Total Current Liabilities	<u>539,828.97</u>	<u>584,859.51</u>

10/03/13

NC Board of CPA Examiners
Statement of Net Position
As of September 30, 2013

	Sep 30, 13	Sep 30, 12
Long Term Liabilities		
2020 · Accrued Vacation	64,207.91	77,458.20
Total Long Term Liabilities	64,207.91	77,458.20
Total Liabilities	604,036.88	662,317.71
Net Assets		
3010 · Net Assets Invest in Cap Assets	1,008,572.13	1,041,108.94
3020 · Designated for Capital Assets	100,000.00	100,000.00
3031 · Designated-Operating Expenses	300,000.00	300,000.00
3040 · Designated for Litigation	750,000.00	750,000.00
3900 · Net Assets Undesignated	160,981.64	90,243.59
Change in Net Assets	569,545.87	604,989.86
Total Net Assets	2,889,099.64	2,886,342.39
TOTAL LIABILITIES & NET ASSETS	3,493,136.52	3,548,660.10

10/03/13

NC Board of CPA Examiners
Statement of Revenues & Expense - Budget v. Actual
 April 2013 through September 2013

	<u>Apr - Sep 13</u>	<u>Budget</u>	<u>\$ Over Bud...</u>
Ordinary Income/Expense			
Income			
Certificate Fees			
4110 · Certificates - Initial	24,200.00	26,749.98	-2,549.98
4120 · Certificates - Reciprocal	11,800.00	12,000.00	-200.00
4121 · Certificates - Recip/Temp	0.00	0.00	0.00
4130 · Certificates - Temporary	0.00	0.00	0.00
4131 · Certificates - Temp Renewal	0.00	0.00	0.00
4140 · Certificates - Renewal Fees	1,153,620.00	1,139,220.00	14,400.00
4150 · Certificates - Reinst/Revoked	1,300.00	0.00	1,300.00
4151 · Certificates - Reinst/Surr	3,800.00	5,700.00	-1,900.00
4152 · Certificates - Reinst/Retired	60.00	0.00	60.00
4160 · Certificates - Notification	0.00	0.00	0.00
4161 · Certificate - Notification Rnwl	0.00	0.00	0.00
Total Certificate Fees	<u>1,194,780.00</u>	<u>1,183,669.98</u>	<u>11,110.02</u>
Exam Fee Revenue			
4001 · Initial Adm Fees	92,460.00	110,400.00	-17,940.00
4002 · Re-Exam Adm Fees	85,725.00	78,487.50	7,237.50
4004 · Exam Fees Revenue	528,713.45	540,000.00	-11,286.55
4060 · Equivalency Exam Fees	0.00	0.00	0.00
4070 · Transfer Exam Grade Credit	0.00	0.00	0.00
4071 · Exam Review Fees	900.00	0.00	900.00
4072 · Exam Scholarship Coupon	-11,438.40	-20,970.48	9,532.08
Total Exam Fee Revenue	<u>696,360.05</u>	<u>707,917.02</u>	<u>-11,556.97</u>
Misc			
4910 · Educational Program Fees	0.00	0.00	0.00
4970 · Duplicate Certificates	675.00	0.00	675.00
4980 · Copies	0.00	0.00	0.00
4990 · Miscellaneous	354.75	750.00	-395.25
Total Misc	<u>1,029.75</u>	<u>750.00</u>	<u>279.75</u>
Partnership Fees			
4260 · Partnership Registration Fees	0.00	0.00	0.00
4261 · Partnership Renewal Fees	0.00	0.00	0.00
Total Partnership Fees	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Professional Corporation Fees			
4250 · PC Registration Fees	1,800.00	2,500.02	-700.02
4251 · PC Renewal Fees	75.00	0.00	75.00
4252 · PC Renewal Fees W/Penalties	30.00	0.00	30.00
Total Professional Corporation Fees	<u>1,905.00</u>	<u>2,500.02</u>	<u>-595.02</u>
Total Income	<u>1,894,074.80</u>	<u>1,894,837.02</u>	<u>-762.22</u>
Expense			
6900 · Bad Debit Expense	0.00	0.00	0.00
6690 · Over & Short	-2.04	0.00	-2.04

10/03/13

NC Board of CPA Examiners
Statement of Revenues & Expense - Budget v. Actual
 April 2013 through September 2013

	Apr - Sep 13	Budget	\$ Over Bud...
Fringe Benefits			
5031 · Retirement - NCLB Contribution	29,175.53	27,347.52	1,828.01
5033 · Retirement - NCLB Administr	534.82	1,666.66	-1,131.84
5035 · Health Ins. Premiums	55,206.90	80,503.02	-25,296.12
5036 · Medical Reim Plan	19,619.73	19,500.00	119.73
5038 · Unemployment Claims	0.00	0.00	0.00
Total Fringe Benefits	104,536.98	129,017.20	-24,480.22
Board Travel			
5120 · Board Travel - Board Meetings	8,300.95	11,760.00	-3,459.05
5121 · Board Travel - Prof Meetings	358.54	0.00	358.54
5122 · Board Travel - NASBA Annual	2,096.54	0.00	2,096.54
5123 · Board Travel - NASBA Regional	2,751.55	10,225.00	-7,473.45
5124 · Board Travel - NASBA Committees	0.00	0.00	0.00
5125 · Board Travel - AICPA/NASBA	0.00	2,900.00	-2,900.00
5126 · Board Travel - NCACPA Annual	0.00	0.00	0.00
5127 · Board Travel - NCACPA/Board	1,688.14	0.00	1,688.14
5128 · Board Travel - AICPA Committees	0.00	0.00	0.00
5129 · Miscellaneous Board Costs	2,395.76	0.00	2,395.76
5133 · Board Travel - NASBA CPE	0.00	0.00	0.00
Total Board Travel	17,591.48	24,885.00	-7,293.52
Building Expenses			
5800 · Building Maintenance	419.82	1,500.00	-1,080.18
5801 · Electricity	4,599.57	6,000.00	-1,400.43
5802 · Grounds Maintenance	2,755.00	1,500.00	1,255.00
5803 · Heat & Air Maintenance	1,764.00	2,900.00	-1,136.00
5804 · Improvements	0.00	0.00	0.00
5805 · Insurance	0.00	0.00	0.00
5807 · Janitorial Maintenance	2,850.00	3,000.00	-150.00
5808 · Pest Control Service	0.00	200.00	-200.00
5809 · Security & Fire Alarm	2,024.03	2,500.00	-475.97
5810 · Trash Collection	164.51	0.00	164.51
5811 · Water & Sewer	453.28	550.02	-96.74
Total Building Expenses	15,030.21	18,150.02	-3,119.81
Continuing Education -Staff			
5050 · Continuing Education - Staff	3,494.97	5,500.00	-2,005.03
5051 · Continuing Education - RNB	0.00	0.00	0.00
5052 · Continuing Education - Computer	0.00	0.00	0.00
Total Continuing Education -Staff	3,494.97	5,500.00	-2,005.03
Exam Postage			
5531 · Exam Postage	360.00	700.02	-340.02
Total Exam Postage	360.00	700.02	-340.02
Exam Printing			
5533 · Exam Printing	0.00	0.00	0.00
Total Exam Printing	0.00	0.00	0.00

10/03/13

NC Board of CPA Examiners
Statement of Revenues & Expense - Budget v. Actual
 April 2013 through September 2013

	Apr - Sep 13	Budget	\$ Over Bud...
Exam Sitting and Grading			
5538 · Exam Vendor Expense	486,653.10	499,999.98	-13,346.88
Total Exam Sitting and Grading	486,653.10	499,999.98	-13,346.88
Exam Supplies			
5532 · Exam Supplies	0.00	0.00	0.00
Total Exam Supplies	0.00	0.00	0.00
Exam Temporary Staff			
5530-10 · Temp Employees - May	0.00	0.00	0.00
5530-20 · Temp Employees - Nov	0.00	0.00	0.00
Total Exam Temporary Staff	0.00	0.00	0.00
Investigation & Hearing Costs			
5220 · Investigator Fees	0.00	0.00	0.00
5221 · Staff Investigation Costs	0.00	0.00	0.00
5222 · Investigation Materials	4,860.19	4,999.98	-139.79
5230 · Hearing Costs	1,537.85	2,500.02	-962.17
5231 · Rule-Making Hearing Costs	0.00	0.00	0.00
5232 · Legal Advertising	0.00	0.00	0.00
5250 · Administrative Cost Assessed	-100.00	-1,249.98	1,149.98
5260 · Civil Penalties Assessed	-22,144.10	-3,750.00	-18,394.10
5261 · Civil Penalties Remitted	6,970.34	0.00	6,970.34
Total Investigation & Hearing Costs	-8,875.72	2,500.02	-11,375.74
Legal Expense			
5140 · Legal Counsel - Administrative	10,879.16	12,000.00	-1,120.84
5141 · Legal Counsel - Spec Projects	0.00	0.00	0.00
5210 · Legal Counsel - Prof Standards	735.00	6,000.00	-5,265.00
5211 · Legal Counsel - Litigation	0.00	2,500.00	-2,500.00
Total Legal Expense	11,614.16	20,500.00	-8,885.84
Misc Personnel			
5034 · Misc. Payroll Deduction	0.00	300.00	-300.00
5037 · HSA Deduction	0.00	0.00	0.00
5090 · Flowers, Gifts, Etc.	92.16	0.00	92.16
5091 · Staff Recruiting	299.00	0.00	299.00
5092 · Misc. Personnel Costs	1,094.84	1,200.00	-105.16
Total Misc Personnel	1,486.00	1,500.00	-14.00
Office Expense			
5301 · Equipment Rent	444.90	900.00	-455.10
5310 · Decorations	0.00	0.00	0.00
5320 · Payroll Service	880.81	949.98	-69.17
5360 · Telephone	2,836.43	3,499.98	-663.55
5361 · Internet & Website	1,979.40	1,999.98	-20.58
5390 · Clipping Service	1,687.46	2,250.00	-562.54
5400 · Computer Prog/Assistance	39.99	1,200.00	-1,160.01
5405 · Computer Software Maintenance	26,711.67	22,500.00	4,211.67
5410 · Dues	7,410.00	8,500.00	-1,090.00
5420 · Insurance	8,590.00	15,500.00	-6,910.00
5430 · Audit Fees	7,700.00	7,700.00	0.00
5435 · Consulting Services	0.00	499.98	-499.98

10/03/13

NC Board of CPA Examiners
Statement of Revenues & Expense - Budget v. Actual
 April 2013 through September 2013

	Apr - Sep 13	Budget	\$ Over Bud...
5440 · Misc Office Expense	525.00	1,000.00	-475.00
5445 · Banking Fees	2,426.08	2,100.00	326.08
5450 · Credit Card Fees	33,178.77	22,000.02	11,178.75
Total Office Expense	94,410.51	90,599.94	3,810.57
Per Diem - Board			
5110 · Per Diem - Board Meetings	5,650.00	7,200.00	-1,550.00
5111 · Per Diem - Prof Meetings	100.00	1,999.98	-1,899.98
5112 · Per Diem - NASBA Annual	0.00	0.00	0.00
5113 · Per Diem - NASBA Regional	1,100.00	2,000.00	-900.00
5114 · Per Diem - NASBA Committees	400.00	0.00	400.00
5115 · Per Diem - AICPA/NASBA	0.00	0.00	0.00
5116 · Per Diem - NCACPA Annual	0.00	0.00	0.00
5117 · Per Diem - NCACPA/Board	200.00	0.00	200.00
5118 · Per Diem - AICPA Committees	0.00	0.00	0.00
5119 · Per Diem - Miscellaneous	0.00	0.00	0.00
5130 · Clerical Reimbursement	0.00	0.00	0.00
5135 · Per Diem - NASBA CPE	0.00	0.00	0.00
Total Per Diem - Board	7,450.00	11,199.98	-3,749.98
Postage			
5345 · Postage - UPS	5,192.70	5,000.00	192.70
5340 · Postage - Other	1,794.03	7,999.98	-6,205.95
5341 · Postage - Newsletter	33,600.00	33,000.00	600.00
5342 · Postage - Business Reply	450.00	1,249.98	-799.98
5343 · Postage - Renewal	540.00	1,000.02	-460.02
5344 · Postage - Rulebook	0.00	0.00	0.00
Total Postage	41,576.73	48,249.98	-6,673.25
Printing			
5330 · Printing - Other	1,127.80	3,000.00	-1,872.20
5331 · Printing - Newsletter	24,884.61	25,999.98	-1,115.37
5332 · Printing - Special Projects	0.00	0.00	0.00
5333 · Printing - Renewal	0.00	0.00	0.00
5334 · Printing - Rulebook	0.00	0.00	0.00
5335 · Mailing Label Printing	0.00	0.00	0.00
Total Printing	26,012.41	28,999.98	-2,987.57
Repairs & Maintenance			
5380 · Repairs - Misc.	0.00	0.00	0.00
5381 · Maintenance - Copiers	450.10	1,249.98	-799.88
5382 · Maintenance - Computer	0.00	987.48	-987.48
5383 · Maintenance - Postage	0.00	262.50	-262.50
Total Repairs & Maintenance	450.10	2,499.96	-2,049.86
Salaries & Payroll Taxes			
5040 · State Unemployment Tax	249.36	0.00	249.36
5010 · Staff Salaries	486,925.02	484,879.64	2,045.38
5020 · Part-Time Staff Salaries	5,512.00	6,161.27	-649.27
5021 · Temporary Contractors	13.75	0.00	13.75
5030 · FICA Taxes	37,416.05	35,354.52	2,061.53
Total Salaries & Payroll Taxes	530,116.18	526,395.43	3,720.75

10/03/13

NC Board of CPA Examiners
Statement of Revenues & Expense - Budget v. Actual
 April 2013 through September 2013

	Apr - Sep 13	Budget	\$ Over Bud...
Scholarships			
5535 · Scholarship	2,000.00	10,000.00	-8,000.00
Total Scholarships	2,000.00	10,000.00	-8,000.00
Staff Travel			
5060 · Staff Travel - Local	185.47	1,125.00	-939.53
5061 · Staff Travel - Prof Mtgs	206.75	1,774.98	-1,568.23
5062 · Staff Travel - NASBA CPE	0.00	0.00	0.00
5063 · Staff Travel - NASBA Ethics	0.00	0.00	0.00
5070 · Staff Travel - NASBA Annual	2,274.03	9,366.00	-7,091.97
5071 · Staff Travel - NASBA Regional	5,448.86	6,135.00	-686.14
5072 · Staff Travel - NASBA Administr	9.00	0.00	9.00
5073 · Staff Travel - NASBA Committee	33.90	0.00	33.90
5074 · Staff Travel - AICPA	0.00	600.00	-600.00
5075 · Staff Travel - NCACPA Annual	336.00	0.00	336.00
5076 · Staff Travel - NCACPA/Board	42.00	0.00	42.00
5077 · Staff Travel - Clear Conference	0.00	0.00	0.00
5078 · Staff Travel - Vehicle	1,682.12	3,000.00	-1,317.88
5080 · Staff Travel - Univ Dialogue	0.00	0.00	0.00
Total Staff Travel	10,218.13	22,000.98	-11,782.85
Subscriptions/References			
5370 · Subscriptions/References	-235.60	1,999.98	-2,235.58
Total Subscriptions/References	-235.60	1,999.98	-2,235.58
Supplies			
5350 · Supplies - Office	2,634.15	3,250.02	-615.87
5351 · Supplies - Copier	1,202.00	1,800.00	-598.00
5352 · Supplies - Computer	5,086.95	4,400.00	686.95
5353 · Supplies - Special Projects	0.00	0.00	0.00
Total Supplies	8,923.10	9,450.02	-526.92
5920 · Funded Depreciation	0.00	0.00	0.00
6999 · Uncategorized Expenses	0.00	0.00	0.00
9999 · Suspense	0.00	0.00	0.00
Total Expense	1,352,810.70	1,454,148.49	-101,337.79
Net Ordinary Income	541,264.10	440,688.53	100,575.57
Other Income/Expense			
Other Income			
8250 · Gift Card Revenue	0.00	7,500.00	-7,500.00
Interest Income			
8500 · Interest Income - MMAs	283.43	0.00	283.43
8505 · Interest Income - BB&T BUS IDA	0.00	0.00	0.00
8510 · Interest Income - CDs	9,738.34	8,275.02	1,463.32
8520 · Interest Income - Prudential TB	0.00	0.00	0.00
8530 · Interest Income - Wachovia MM	0.00	0.00	0.00
Total Interest Income	10,021.77	8,275.02	1,746.75

10/03/13

Statement of Revenues & Expense - Budget v. Actual

April 2013 through September 2013

	Apr - Sep 13	Budget	\$ Over Bud...
8200 · Rental Income	18,025.00	15,600.00	2,425.00
8920 · Gain on Sale of Fixed Assets	235.00	0.00	235.00
8921 · Loss on Sale of Fixed Assets	0.00	0.00	0.00
Total Other Income	28,281.77	31,375.02	-3,093.25
Other Expense			
7000 · Leasing Commission	0.00	0.00	0.00
Total Other Expense	0.00	0.00	0.00
Net Other Income	28,281.77	31,375.02	-3,093.25
Change in Net Assets	569,545.87	472,063.55	97,482.32

10/03/13

NC Board of CPA Examiners
Statement of Revenues & Expenses
 Year-to-Date Comparison

	Apr - Sep 13	Apr - Sep 12
Ordinary Income/Expense		
Income		
Certificate Fees		
4110 · Certificates - Initial	24,200.00	24,600.00
4120 · Certificates - Reciprocal	11,800.00	9,100.00
4140 · Certificates - Renewal Fees	1,153,620.00	1,127,400.00
4150 · Certificates - Reinst/Revoked	1,300.00	1,900.00
4151 · Certificates - Reinst/Surr	3,800.00	3,200.00
4152 · Certificates - Reinst/Retired	60.00	0.00
Total Certificate Fees	1,194,780.00	1,166,200.00
Exam Fee Revenue		
4001 · Initial Adm Fees	92,460.00	104,880.00
4002 · Re-Exam Adm Fees	85,725.00	84,750.00
4004 · Exam Fees Revenue	528,713.45	586,123.77
4071 · Exam Review Fees	900.00	0.00
4072 · Exam Scholarship Coupon	-11,438.40	-8,408.45
Total Exam Fee Revenue	696,360.05	767,345.32
Misc		
4970 · Duplicate Certificates	675.00	550.00
4990 · Miscellaneous	354.75	484.00
Total Misc	1,029.75	1,034.00
Professional Corporation Fees		
4250 · PC Registration Fees	1,800.00	2,300.00
4251 · PC Renewal Fees	75.00	25.00
4252 · PC Renewal Fees W/Penalties	30.00	10.00
Total Professional Corporation Fees	1,905.00	2,335.00
Total Income	1,894,074.80	1,936,914.32
Expense		
6690 · Over & Short	-2.04	-0.07
Fringe Benefits		
5031 · Retirement - NCLB Contribution	29,175.53	21,108.37
5033 · Retirement - NCLB Administr	534.82	1,439.15
5035 · Health Ins. Premiums	55,206.90	53,075.95
5036 · Medical Reim Plan	19,619.73	20,929.03
Total Fringe Benefits	104,536.98	96,552.50
Board Travel		
5120 · Board Travel - Board Meetings	8,300.95	9,940.71
5121 · Board Travel - Prof Meetings	358.54	85.53
5122 · Board Travel - NASBA Annual	2,096.54	0.00
5123 · Board Travel - NASBA Regional	2,751.55	3,989.51
5127 · Board Travel - NCACPA/Board	1,688.14	2,934.34
5129 · Miscellaneous Board Costs	2,395.76	128.46
Total Board Travel	17,591.48	17,078.55

10/03/13

NC Board of CPA Examiners
Statement of Revenues & Expenses
 Year-to-Date Comparison

	Apr - Sep 13	Apr - Sep 12
Building Expenses		
5800 · Building Maintenance	419.82	447.23
5801 · Electricity	4,599.57	5,512.69
5802 · Grounds Maintenance	2,755.00	845.81
5803 · Heat & Air Maintenance	1,764.00	2,149.41
5807 · Janitorial Maintenance	2,850.00	2,850.00
5809 · Security & Fire Alarm	2,024.03	2,150.31
5810 · Trash Collection	164.51	21.44
5811 · Water & Sewer	453.28	385.88
Total Building Expenses	15,030.21	14,362.77
Continuing Education -Staff		
5050 · Continuing Education - Staff	3,494.97	1,234.20
Total Continuing Education -Staff	3,494.97	1,234.20
Exam Postage		
5531 · Exam Postage	360.00	240.00
Total Exam Postage	360.00	240.00
Exam Sitting and Grading		
5538 · Exam Vendor Expense	486,653.10	545,116.47
Total Exam Sitting and Grading	486,653.10	545,116.47
Investigation & Hearing Costs		
5222 · Investigation Materials	4,860.19	4,048.77
5230 · Hearing Costs	1,537.85	1,882.45
5250 · Administrative Cost Assessed	-100.00	-5,681.50
5260 · Civil Penalties Assessed	-22,144.10	-11,900.00
5261 · Civil Penalties Remitted	6,970.34	10,049.95
Total Investigation & Hearing Costs	-8,875.72	-1,600.33
Legal Expense		
5140 · Legal Counsel - Administrative	10,879.16	9,766.02
5210 · Legal Counsel - Prof Standards	735.00	5,295.00
Total Legal Expense	11,614.16	15,061.02
Misc Personnel		
5034 · Misc. Payroll Deduction	0.00	0.00
5037 · HSA Deduction	0.00	0.00
5090 · Flowers, Gifts, Etc.	92.16	0.00
5091 · Staff Recruiting	299.00	714.00
5092 · Misc. Personnel Costs	1,094.84	318.63
Total Misc Personnel	1,486.00	1,032.63

10/03/13

NC Board of CPA Examiners
Statement of Revenues & Expenses
 Year-to-Date Comparison

	Apr - Sep 13	Apr - Sep 12
Office Expense		
5301 · Equipment Rent	444.90	444.90
5320 · Payroll Service	880.81	705.52
5360 · Telephone	2,836.43	3,401.45
5361 · Internet & Website	1,979.40	1,851.35
5390 · Clipping Service	1,687.46	1,703.56
5400 · Computer Prog/Assistance	39.99	0.00
5405 · Computer Software Maintenance	26,711.67	18,693.75
5410 · Dues	7,410.00	7,925.00
5420 · Insurance	8,590.00	7,810.00
5430 · Audit Fees	7,700.00	0.00
5440 · Misc Office Expense	525.00	117.50
5445 · Banking Fees	2,426.08	2,210.85
5450 · Credit Card Fees	33,178.77	33,456.80
Total Office Expense	94,410.51	78,320.68
Per Diem - Board		
5110 · Per Diem - Board Meetings	5,650.00	4,800.00
5111 · Per Diem - Prof Meetings	100.00	2,637.52
5113 · Per Diem - NASBA Regional	1,100.00	1,000.00
5114 · Per Diem - NASBA Committees	400.00	1,300.00
5117 · Per Diem - NCACPA/Board	200.00	200.00
Total Per Diem - Board	7,450.00	9,937.52
Postage		
5345 · Postage - UPS	5,192.70	0.00
5340 · Postage - Other	1,794.03	5,188.93
5341 · Postage - Newsletter	33,600.00	35,271.64
5342 · Postage - Business Reply	450.00	500.00
5343 · Postage - Renewal	540.00	360.00
Total Postage	41,576.73	41,320.57
Printing		
5330 · Printing - Other	1,127.80	1,031.65
5331 · Printing - Newsletter	24,884.61	24,416.21
Total Printing	26,012.41	25,447.86
Repairs & Maintenance		
5381 · Maintenance - Copiers	450.10	469.82
Total Repairs & Maintenance	450.10	469.82
Salaries & Payroll Taxes		
5040 · State Unemployment Tax	249.36	0.00
5010 · Staff Salaries	486,925.02	454,576.46
5020 · Part-Time Staff Salaries	5,512.00	6,168.25
5021 · Temporary Contractors	13.75	26.71
5030 · FICA Taxes	37,416.05	34,855.80
Total Salaries & Payroll Taxes	530,116.18	495,627.22
Scholarships		
5535 · Scholarship	2,000.00	5,000.00
Total Scholarships	2,000.00	5,000.00

10/03/13

NC Board of CPA Examiners
Statement of Revenues & Expenses
 Year-to-Date Comparison

	Apr - Sep 13	Apr - Sep 12
Staff Travel		
5060 · Staff Travel - Local	185.47	68.31
5061 · Staff Travel - Prof Mtgs	206.75	197.46
5070 · Staff Travel - NASBA Annual	2,274.03	22.37
5071 · Staff Travel - NASBA Regional	5,448.86	4,483.57
5072 · Staff Travel - NASBA Administr	9.00	87.92
5073 · Staff Travel - NASBA Committee	33.90	-1,358.82
5074 · Staff Travel - AICPA	0.00	2,668.04
5075 · Staff Travel - NCACPA Annual	336.00	33.07
5076 · Staff Travel - NCACPA/Board	42.00	1,195.92
5078 · Staff Travel - Vehicle	1,682.12	1,930.58
5080 · Staff Travel - Univ Dialogue	0.00	49.39
Total Staff Travel	10,218.13	9,377.81
Subscriptions/References		
5370 · Subscriptions/References	-235.60	1,433.50
Total Subscriptions/References	-235.60	1,433.50
Supplies		
5350 · Supplies - Office	2,634.15	2,819.29
5351 · Supplies - Copier	1,202.00	1,256.40
5352 · Supplies - Computer	5,086.95	2,895.79
Total Supplies	8,923.10	6,971.48
9999 · Suspense	0.00	0.00
Total Expense	1,352,810.70	1,362,984.20
Net Ordinary Income	541,264.10	573,930.12
Other Income/Expense		
Other Income		
8250 · Gift Card Revenue	0.00	1,700.00
Interest Income		
8500 · Interest Income - MMAs	283.43	75.06
8510 · Interest Income - CDs	9,738.34	14,284.68
Total Interest Income	10,021.77	14,359.74
8200 · Rental Income	18,025.00	15,000.00
8920 · Gain on Sale of Fixed Assets	235.00	0.00
Total Other Income	28,281.77	31,059.74
Net Other Income	28,281.77	31,059.74
Change in Net Assets	<u>569,545.87</u>	<u>604,989.86</u>

NC State Board of CPA Examiners - CD Portfolio
As of September 30, 2013

As of March 31
Due < 1 yr Due > 1 yr

Bank Name	Purchased	Amount	Rate	Maturity	Terms	Classification	
GE Capital	4/4/2013	\$203,124	1.150%	5/4/2014	13 mos		\$203,124
GE Capital	11/7/2012	\$140,647	1.170%	11/7/2014	24 mos		\$140,647
Capital Bank	12/13/2011	\$217,509	1.150%	12/13/2013	24 mos	\$217,509	
Capital Bank	1/24/2012	\$253,206	1.150%	1/24/2014	24 mos	\$253,206	
Bank of NC	8/29/2012	\$201,352	1.170%	2/28/2014	18 mos	\$201,352	
Trust Atlantic Bank	7/30/2012	\$246,911	1.050%	7/30/2014	24 mos		\$246,911
Vantage South Bank	10/29/2012	\$249,052	1.010%	10/29/2014	24 mos		\$249,052
TOTAL		\$1,511,802				\$ 672,068	\$ 839,734

Certificates of deposit maturing within one year are shown as current.

October 21, 2013

Stephen S. McConnel, Chair
AICPA Uniform Accountancy Task Force
AICPA – UAA
State Societies and Regulatory Affairs
1455 Pennsylvania Avenue, NW
Washington, DC 2004-1081

Kenneth R. Odum, Chair
NASBA Uniform Accountancy Act Committee
NASBA – UAA
150 4th Avenue, North
Nashville, Tennessee 37219-2417

Dear Sirs:

The North Carolina State Board of CPA Examiners (Board) has reviewed the Exposure Draft, *Uniform Accountancy Act – Revised Definitions* prepared jointly by the American Institute of Certified Public Accounts (AICPA) and National Association of State Boards of Accountancy (NASBA) Uniform Accountancy Act Committees. The exposure draft presents revisions to the Uniform Accountancy Act (UAA) which are designed to incorporate change in the definition of “attest”. The Board offers the following comments:

The change to the definition of “attest” is the recognition that assurance and attest services have evolved beyond the audit and review of historical financial statements. Certified public accountants (CPAs) are being asked to report on representations other than financial statements and authoritative guidance must be flexible enough to address client needs and the ability for CPAs to provide those attestation services. The updated definition of “attest” will include all examinations, reviews, and agreed upon procedures under the Statements on Standards for Attestation Engagements (SSAE). As the scope and complexity of these services, as well as the public reliance on the resulting reports increase, it is important for public protection to ensure that these services are performed using AICPA standards and reporting language.

Specifically, this definitional change will address concerns created when Statement on Auditing Standards No. 70, *Reporting on Controls at a Service Organization* was rewritten and reissued as SSAE No. 16, essentially making this type of reporting a non-covered service under the UAA's definition of attest. As such, this type of reporting can be performed by non-CPAs that are not subject to higher educational requirements, professional standards, or regulatory oversight. The updated definition addresses this concern by including all services under the SSAE in the definition of "attest".

It is also important to note that the proposed changes to the UAA definitions will not prohibit public officials and employees (such as state audit organizations) from performing any of their duties.

The Board is appreciative of the opportunity to provide comments as part of the proposed changes to the UAA. The Board is also appreciative of the AICPA's and NASBA's joint efforts to maintain the UAA as a flexible, uniform model across all states.

Sincerely,

Jose R. Rodriguez, CPA
President

Exposure Draft

Uniform

Accountancy Act

Seventh Edition
_____, 2013

Revised Definitions

Published jointly by the
American Institute of Certified Public Accountants
1211 Avenue of the Americas, New York, NY 10036-8775
and
National Association of State Boards of Accountancy
150 4th Avenue, North, Nashville, TN 37219-2417

[Note: Material being deleted is stricken. New material is underlined.]

(Comments must be received by October 17, 2013.)

EXPOSURE DRAFT OF UNIFORM ACCOUNTANCY ACT

This exposure draft contains revisions to the UAA, which are designed to incorporate a change in the definition of “attest.”

The needs of clients and the marketplace, and scope of services, are changing. Historically, even as little as five years ago, assurance and attestation services were discussed in the context of, and generally limited to, audits and reviews of historical financial statements and the UAA so defined the term “attest.” These services are the most important to the public because third parties rely on the licensee’s report concerning financial statements. As a result, they are the only professional accounting services that are reserved to licensees.

Despite this targeted focus in the UAA, the scope of the definition of attest can be impacted through a change in the referenced standards, as happened when SAS 70 was reissued as SSAE 16. Further was the question of whether other SSAE engagements should be incorporated into the definition of attest. Such a change would make the Act flexible enough so major amendments would not be needed as future developments occur in assurance standards or in marketplace demands for assurance services.

In recent years, CPAs have increasingly been asked to report on representations other than historical financial statements. Some non-CPAs have stepped in and provided such services, in some cases using CPA standards of practice to perform services, giving the impression to the public that they are as qualified as CPAs.

To deal with this issue, the proposal is to change the definition of “attest” in the UAA to include all services performed in accordance with the Statements on Standards for Attestation Engagements (“SSAEs”). This is accomplished by adding those services to the attest definition as a separate subsection in the definition, apart from the examinations of prospective financial information already covered in the definition. By so doing, we minimize changes in the provisions governing individual and firm mobility.

The exposure draft includes a more detailed explanation of the proposed revisions, as well as the text of the affected UAA statutory sections that are recommended for addition or change. Statutory provisions are in **BOLD** type. New language is underlined and language that would be deleted is stricken. To see the entire UAA and Model Rules, you may view them electronically at www.aicpa.org or www.nasba.org.

The AICPA and NASBA UAA Committees welcome your comments on the proposed revisions. **The exposure period will end on Thursday, October 17, 2013.** Please send your comments to definitionofattest@aicpa.org and lhberman@nasba.org.

The UAA Committee plans to release in the coming weeks an Exposure Draft on firm mobility.

AICPA – UAA
State Societies and Regulatory Affairs
1455 Pennsylvania Avenue, NW
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Stephen S. McConnel
Chair
AICPA Uniform Accountancy Task Force

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Kenneth R. Odom
Chair
NASBA Uniform Accountancy Act Committee

July 17, 2013

1 **SECTION 3**
2 **DEFINITIONS**

3
4 **When used in this Act, the following terms have the meanings indicated:**
5

6
7

8 **(b) “Attest” means providing the following ~~financial statement~~ services:**
9

10 (1) any audit or other engagement to be performed in accordance with the Statements
11 on Auditing Standards (SAS);
12

13 (2) any review of a financial statement to be performed in accordance with the
14 Statements on Standards for Accounting and Review Services (SSARS);
15

16 (3) **any examination of prospective financial information to be performed in**
17 **accordance with the Statements on Standards for Attestation Engagements**
18 **(SSAE); and**
19

20 (4) **any engagement to be performed in accordance with the standards of the**
21 **PCAOB; and**
22

23 (5) any examination, review, or agreed upon procedures engagement to be
24 performed in accordance with the SSAE, other than an examination described
25 in subsection (3).
26

27 **The standards specified in this definition shall be adopted by reference by the**
28 **Board pursuant to rulemaking and shall be those developed for general**
29 **application by recognized national accountancy organizations, such as the**
30 **AICPA, and the PCAOB.**
31

32 *COMMENT:* Subject to the exceptions set out in Section 7, 14, and 23 (a)(4), these services are
33 restricted to licensees and CPA firms under the Act and licensees can only perform the attest
34 services through a CPA firm. Individual licensees may perform the services described in Section
35 3(f) as employees of firms that do not hold a permit under Section 7 of this Act, so long as they
36 comply with the peer review requirements of Section 6(j). Other ~~attestation professional~~ services
37 are not restricted to licensees or CPA firms; however, when licensees perform those services
38 they are regulated by the state board of accountancy. See also the definition of Report. The
39 definition also includes references to the Public Company Accounting Oversight Board
40 (PCAOB) which make it clear that the PCAOB is a regulatory authority that sets professional
41 standards applicable to engagements within its jurisdiction.
42

43 Regarding SSAE engagements, subsection 3(b)(3) only includes SSAE engagements pertaining
44 to the examination of prospective financial information, while subsection 3(b)(5) expressly
45 includes other SSAE engagements. Thus, like other services included in this definition of
46 “Attest,” they are all restricted to licensees and CPA firms.

1
2 However, Sections 7, 14 and 23 also mandate that certain types of “Attest” services must be
3 rendered only through licensed CPA Firms. Specifically, Section 7(a)(1)(C) requires licensure of
4 an out-of-state firm even if it does “not have an office in this state but performs attest services
5 described in Section 3(b)(1), (3) or (4) of this Act for a client having its home office in this
6 state.”

7
8 By identifying the other SSAE services (that is, other services but not “examinations of
9 prospective financial information”) in a different subsection (5), they, along with the services
10 described in subsections 3(b)(2) (reviews of financial statements according to SSARS), are
11 “Attest” services restricted to CPAs, but out-of-state CPA Firms rendering these services do not
12 have to obtain a permit in every state in which they provide that type of Attest service. Hence,
13 although both 3(b)(3) and 3(b)(5) SSAE services are “Attest” services, only those SSAE services
14 included in 3(b)(3) must be rendered through CPA Firms licensed in every state in which the
15 services are provided. The differentiation between these two categories of SSAE services
16 therefore reduces the burden of multistate licensure and enhances mobility for individual
17 licensees as well as CPA Firms.

18
19 This definition of “attest” includes both examinations of prospective financial information to be
20 performed in accordance with the Statements on Standards for Attestation Engagements (SSAE)
21 as well as any examination, review, or agreed upon procedures engagement to be performed in
22 accordance with SSAE.

23
24

25
26 (s) “Report,” when used with reference to ~~financial statements~~ any attest or
27 compilation service, means an opinion, report, or other form of language that states
28 or implies assurance as to the reliability of ~~any the attested information or compiled~~
29 financial statements and that also includes or is accompanied by any statement or
30 implication that the person or firm issuing it has special knowledge or competence
31 in accounting or auditing. Such a statement or implication of special knowledge or
32 competence may arise from use by the issuer of the report of names or titles
33 indicating that the person or firm is an accountant or auditor, or from the language
34 of the report itself. The term “report” includes any form of language which
35 disclaims an opinion when such form of language is conventionally understood to
36 imply any positive assurance as to the reliability of the attested information or
37 compiled financial statements referred to and/or special competence on the part of
38 the person or firm issuing such language; and it includes any other form of language
39 that is conventionally understood to imply such assurance and/or such special
40 knowledge or competence.

41
42 *COMMENT:* As has been explained in the introductory comments, the audit function, which this
43 term is intended to define, is the principal kind of professional accounting service for which a
44 license would be required under the Uniform Act. The term has its most important operative use
45 in section 14(a) of the Act, which prohibits persons not licensed from performing that function as
46 well as any attest or compilation services as defined above.

1
2 It is a point of fundamental significance that the audit function is defined, not in terms of the
3 work actually done, but rather in terms of the issuance of an opinion or a report--that is, the
4 making of assertions, explicit or implied--about work that has been done. It is such reports, or
5 | assertions, upon which persons using ~~financial statements~~ attested information (whether clients
6 or third parties) rely, reliance being invited by the assertion, whether explicit or by implication,
7 of expertise on the part of the person or firm issuing the opinion or report. Thus, this definition is
8 sought to be drawn broadly enough to encompass all those cases where either the language of the
9 report itself, or other language accompanying the report, carries both a positive assurance
10 | regarding the reliability of the ~~financial~~ information in question, and an implication (which may
11 be drawn from the language of the report itself) that the person or firm issuing the report has
12 special competence which gives substance to the assurance.

13
14 The definition includes disclaimers of opinion when they are phrased in a fashion which is
15 conventionally understood as implying some positive assurance, because authoritative
16 accounting literature contemplates several circumstances in which a disclaimer of opinion in
17 standard form implies just such assurances. The same reasoning that makes it appropriate to
18 include disclaimers of opinion in conventional form within the definition of this term makes it
19 appropriate to apply the prohibition on the issuance by unlicensed persons of reports, as so
20 defined, on "reviews" and "compilations" and other communications with respect to
21 "compilations" within the meaning of the AICPA's Statements on Standards for Accounting and
22 Review Services (SSARS), when the language in which the report or other compilation
23 communication is phrased is that prescribed by SSARS. This is done in section 14(a). These
24 prohibitions, again, do not apply to the services actually performed--which is to say that there is
25 no prohibition on the performance by unlicensed persons of either reviews or compilations, in
26 the sense contemplated by SSARS, but only on the issuance of reports or other compilation
27 communications asserting or implying that their author has complied or will comply with the
28 SSARS standards for such reviews and compilations and has the demonstrated capabilities so to
29 comply.

30
31
32

33 SECTION 7

34 FIRM PERMITS TO PRACTICE, ATTEST AND COMPILATION COMPETENCY AND PEER 35 REVIEW 36

37 (a) The Board shall grant or renew permits to practice as a CPA firm to applicants that
38 demonstrate their qualifications therefor in accordance with this Section.
39

40 (1) The following must hold a permit issued under this Section:
41

42 (A) Any firm with an office in this state performing attest services as
43 defined in Section 3(b) of this Act; or,
44

45 (B) Any firm with an office in this state that uses the title "CPA" or "CPA
46 firm;" or,

1
2 (C) Any firm that does not have an office in this state but performs attest
3 services described in Section 3(b)(1), (3) or (4) of this Act for a client
4 having its home office in this state.
5

6 (2) A firm which does not have an office in this state may perform services
7 described in subsections 3(b)(2), 3(b)(5) or 3(f) for a client having its home
8 office in this state and may use the title "CPA" or "CPA firm" without a
9 permit issued under this Section only if:
10

11 (A) it has the qualifications described in subsections 7(c) [ownership] and
12 7(h) [peer review], and
13

14 (B) it performs such services through an individual with practice
15 privileges under Section 23 of the Act.
16

17 (3) A firm which is not subject to the requirements of 7(a)(1)(C) or 7(a)(2) may
18 perform other professional services while using the title "CPA" or "CPA
19 firm" in this state without a permit issued under this Section only if:
20

21 (A) it performs such services through an individual with practice
22 privileges under Section 23 of the Act, and,
23

24 (B) it can lawfully do so in the state where said individuals with practice
25 privileges have their principal place of business.
26

27
28

29 (c) An applicant for initial issuance or renewal of a permit to practice under this
30 Section shall be required to show that:
31

32 (1) Notwithstanding any other provision of law, a simple majority of the
33 ownership of the firm, in terms of financial interests and voting rights of all
34 partners, officers, shareholders, members or managers, belongs to holders of a
35 certificate who are licensed in some state, and such partners, officers,
36 shareholders, members or managers, whose principal place of business is in
37 this state, and who perform professional services in this state hold a valid
38 certificate issued under Section 6 of this Act or the corresponding provision of
39 prior law or are public accountants registered under Section 8 of this Act.
40 Although firms may include non-licensee owners the firm and its ownership
41 must comply with rules promulgated by the Board. For firms of public
42 accountants, at least a simple majority of the ownership of the firm, in terms of
43 financial interests and voting rights, must belong to holders of registrations
44 under Section 8 of this Act. An individual who has practice privileges under
45 Section 23 who performs services for which a firm permit is required under

1 **Section 23(a)(4) shall not be required to obtain a certificate from this state**
2 **pursuant to Section 6 of this Act.**

3
4 *COMMENT:* The limitation of the requirement of certificates to partners, officers, shareholders,
5 members and managers who have their principal place of business in the state is intended to
6 allow some latitude for occasional visits and limited assignments within the state of firm
7 personnel who are based elsewhere. If those out-of-state individuals qualify for practice
8 privileges under Section 23 and do not have their principal places of business in this state, they
9 do not have to be licensed in this state. In addition, the requirement allows for non-licensee
10 ownership of licensed firms.

11
12 **(2) Any CPA or PA firm as defined in this Act may include non-licensee owners**
13 **provided that:**

14
15 **(A) The firm designates a licensee of this state, or in the case of a firm which**
16 **must have a permit pursuant to Section 23(a)(4) a licensee of another**
17 **state who meets the requirements set out in Section 23(a)(1) or in Section**
18 **23(a)(2), who is responsible for the proper registration of the firm and**
19 **identifies that individual to the Board.**

20
21 **(B) All non-licensee owners are active individual participants in the CPA or**
22 **PA firm or affiliated entities.**

23
24 **(C) The firm complies with such other requirements as the board may impose**
25 **by rule.**

26
27 **(3) Any individual licensee and any individual granted practice privileges under**
28 **this Act who is responsible for supervising attest or compilation services and**
29 **signs or authorizes someone to sign the accountant's report ~~on the financial~~**
30 **~~statements~~ on behalf of the firm, shall meet the competency requirements set**
31 **out in the professional standards for such services.**

32
33 **(4) Any individual licensee and any individual granted practice privileges under**
34 **this Act who signs or authorizes someone to sign the accountants' report ~~on the~~**
35 **~~financial statements~~ on behalf of the firm shall meet the competency**
36 **requirement of the prior subsection.**

37
38 *COMMENT:* Because of the greater sensitivity of attest and compilation services, professional
39 standards should set out an appropriate competency requirement for those who supervise them
40 and sign attest or compilation reports. However, the accountant's report in such engagements
41 may be supervised, or signed, or the signature authorized for the CPA firm by a practice
42 privileged individual.

43
44

1 **SECTION 14**

2 **UNLAWFUL ACTS**

- 3
- 4 **(a) Only licensees and individuals who have practice privileges under Section 23 of this**
5 **Act may issue a report on financial statements of any person, firm, organization, or**
6 **governmental unit or offer to render or render any attest or compilation service, as**
7 **defined herein. This restriction does not prohibit any act of a public official or**
8 **public employee in the performance of that person's duties as such; or prohibit the**
9 **performance by any non-licensee of other services involving the use of accounting**
10 **skills, including the preparation of tax returns, management advisory services, and**
11 **the preparation of financial statements without the issuance of reports thereon.**
12 **Non-licensees may prepare financial statements and issue non-attest transmittals or**
13 **information thereon which do not purport to be in compliance with the Statements**
14 **on Standards for Accounting and Review Services (SSARS).**

15

16 *COMMENT: This provision, giving application to the definition of attest in section 3(b) and*
17 *report in section 3(s) above, is the cornerstone prohibition of the Uniform Act, reserving the*
18 *performance of those professional services calling upon the highest degree of professional skill*
19 *and having greatest consequence for persons using financial statements attested*
20 *information--namely, the audit function and other attest and compilation services as defined*
21 *herein -- to licensees. It is so drafted as to make as clear and emphatic as possible the limited*
22 *nature of this exclusively reserved function and the rights of unlicensed persons to perform all*
23 *other functions. ~~This wording addresses concerns that this exemption could otherwise, by~~*
24 *~~negative implication, allow non-licensees to prepare any report on a financial statement other~~*
25 *~~than a SSARS--i.e., other attestation standards.~~ Consistent with Section 23, individuals with*
26 *practice privileges may render these reserved professional services to the same extent as*
27 *licensees in this state.*

28

29 This provision is also intended to extend the reservation of the audit function to other services
30 that also call for special skills and carry particular consequence for users of ~~financial statements~~
31 attested information, albeit in each respect to a lesser degree than the audit function: namely, the
32 performance of compilations and reviews of financial statements, in accordance with the
33 AICPA's Statements on Standards for Accounting and Review Services, which set out the
34 standards to be met in a compilation or review and specify the form of communication to
35 management or report to be issued and attestation engagements performed in accordance with
36 Statements on Standards for Attestation Engagements which set forth the standards to be met and
37 the reporting on the engagements enumerated in the SSAEs. The subsection is intended to
38 prevent issuance by non-licensees of reports or communication to management using that
39 standard language or language deceptively similar to it. Safe harbor language which may be used
40 by non-licensees is set out in Rule 14-2.

- 41
- 42 **(b) Licensees and individuals who have practice privileges under Section 23 of this Act**
43 **performing attest or compilation services must provide those services in accordance**
44 **with applicable professional standards.**
- 45
- 46 **(c) No person not holding a valid certificate or a practice privilege pursuant to Section**
47 **23 of this Act shall use or assume the title "certified public accountant," or the**

1 abbreviation "CPA" or any other title, designation, words, letters, abbreviation,
2 sign, card, or device tending to indicate that such person is a certified public
3 accountant.
4

5 *COMMENT:* This subsection prohibits the use by persons not holding certificates, or practice
6 privileges, of the two titles, "certified public accountant" and "CPA," that are specifically and
7 inextricably tied to the granting of a certificate as certified public accountant under section 6.

8 (d) No firm shall provide attest services or assume or use the title "certified public
9 accountants," or the abbreviation "CPAs," or any other title, designation, words,
10 letters, abbreviation, sign, card, or device tending to indicate that such firm is a
11 CPA firm unless (1) the firm holds a valid permit issued under Section 7 of this Act,
12 and (2) ownership of the firm is in accord with this Act and rules promulgated by
13 the Board.
14

15 *COMMENT:* Like the preceding subsection, this one restricts use of the two titles "certified
16 public accountants" and "CPAs," but in this instance by firms, requiring the holding of a firm
17 permit to practice. It also restricts unlicensed firms from providing attest services.
18

19 (e) No person shall assume or use the title "public accountant," or the abbreviation
20 "PA," or any other title, designation, words, letters, abbreviation, sign, card, or
21 device tending to indicate that such person is a public accountant unless that person
22 holds a valid registration issued under Section 8 of this Act.
23

24 *COMMENT:* This subsection, and the one that follows, reserve the title "public accountant" and
25 its abbreviation in the same fashion as subsections (c) and (d) do for the title "certified public
26 accountant" and its abbreviation. The two provisions would of course only be required in a
27 jurisdiction where there were grandfathered public accountants as contemplated by section 8.
28

29 (f) No firm not holding a valid permit issued under Section 7 of this Act shall provide
30 attest services or assume or use the title "public accountant," the abbreviation
31 "PA," or any other title, designation, words, letters, abbreviation, sign, card, or
32 device tending to indicate that such firm is composed of public accountants.
33

34 *COMMENT:* See the comments following subsections (d) and (e).
35

36 (g) No person or firm not holding a valid certificate, permit or registration issued under
37 Sections 6, 7, or 8 of this Act shall assume or use the title "certified accountant,"
38 "chartered accountant," "enrolled accountant," "licensed accountant," "registered
39 accountant," "accredited accountant," or any other title or designation likely to be
40 confused with the titles "certified public accountant" or "public accountant," or use
41 any of the abbreviations "CA," "LA," "RA," "AA," or similar abbreviation likely to
42 be confused with the abbreviations "CPA" or "PA." The title "Enrolled Agent" or
43 "EA" may only be used by individuals so designated by the Internal Revenue
44 Service.
45

1 *COMMENT:* This provision is intended to supplement the prohibitions of subsections (c)
2 through (f) on use of titles by prohibiting other titles that may be misleadingly similar to the titles
3 specifically reserved to licensees or that otherwise suggest that their holders are licensed.
4

5 | **(h)(1) Non-licensees may not use language in any statement relating to the ~~financial~~ affairs**
6 **of a person or entity which is conventionally used by licensees in reports on financial**
7 **statements or on any attest service as defined herein. In this regard, the Board shall**
8 **issue safe harbor language non-licensees may use in connection with such financial**
9 **information.**
10

11 **(2) No person or firm not holding a valid certificate, permit or registration issued under**
12 **Sections 6, 7, or 8 of this Act shall assume or use any title or designation that**
13 **includes the words “accountant,” “auditor,” or “accounting,” in connection with**
14 **any other language (including the language of a report) that implies that such**
15 **person or firm holds such a certificate, permit, or registration or has special**
16 **competence as an accountant or auditor, provided, however, that this subsection**
17 **does not prohibit any officer, partner, member, manager or employee of any firm or**
18 **organization from affixing that person’s own signature to any statement in**
19 **reference to the financial affairs of such firm or organization with any wording**
20 **designating the position, title, or office that the person holds therein nor prohibit**
21 **any act of a public official or employee in the performance of the person’s duties as**
22 **such.**
23

24 *COMMENT:* This provision clarifies the language and titles that are prohibited for non-
25 licensees. Like the preceding subsection, subsection (h)(2) of this provision is intended to
26 supplement the prohibitions of subsections (c) through (f), by prohibiting other titles which may
27 be misleadingly similar to the specifically reserved titles or that otherwise suggest licensure. In
28 the interest of making the prohibition against the issuance by unlicensed persons of reports on
29 audits, reviews, and compilations and reports issued under the SSAE as tight and difficult to
30 evade as possible, there is also some overlap between this provision and the prohibitions in
31 subsection (a). Safe harbor language is set out in Rule 14-2.
32

33 **(i) No person holding a certificate or registration or firm holding a permit under this**
34 **Act shall use a professional or firm name or designation that is misleading about the**
35 **legal form of the firm, or about the persons who are partners, officers, members,**
36 **managers or shareholders of the firm, or about any other matter, provided,**
37 **however, that names of one or more former partners, members, managers or**
38 **shareholders may be included in the name of a firm or its successor. A common**
39 **brand name, including common initials, used by a CPA Firm in its name, is not**
40 **misleading if said firm is a Network Firm as defined in the AICPA Code of**
41 **Professional Conduct (“Code”) in effect July 1, 2011 and, when offering or**
42 **rendering services that require independence under AICPA standards, said firm**
43 **must comply with the Code’s applicable standards on independence.**
44

45 *COMMENT:* With regard to use of a common brand name or common initials by a Network
46 Firm, this language should be considered in conjunction with Rules 14-1 (c) and (d), which
47 provide further clarity and guidance.

- 1
2 (j) None of the foregoing provisions of this Section shall have any application to a
3 person or firm holding a certification, designation, degree, or license granted in a
4 foreign country entitling the holder thereof to engage in the practice of public
5 accountancy or its equivalent in such country, whose activities in this State are
6 limited to the provision of professional services to persons or firms who are
7 residents of, governments of, or business entities of the country in which the person
8 holds such entitlement, who performs no attest or compilation services as defined
9 and who issues no reports as defined in this Act with respect to the information
10 ~~financial statements~~ of any other persons, firms, or governmental units in this State,
11 and who does not use in this State any title or designation other than the one under
12 which the person practices in such country, followed by a translation of such title or
13 designation into the English language, if it is in a different language, and by the
14 name of such country.
15

16 *COMMENT:* The right spelled out in this provision, of foreign licensees to provide services in
17 the state to foreign-based clients, looking to the issuance of reports only in foreign countries, is
18 essentially what foreign licensees have a right to do under most laws now in effect, simply
19 because no provision in those laws restricts such a right. The foreign titles used by foreign
20 licensees might otherwise run afoul of standard prohibitions with respect to titles (such as one on
21 titles misleadingly similar to "CPA") but this provision would grant a dispensation not found in
22 most laws now in force.
23

- 24 (k) No holder of a certificate issued under Section 6 of this Act or a registration issued
25 under Section 8 of this Act shall perform attest services through any business form
26 that does not hold a valid permit issued under Section 7 of this Act.
27

28 *COMMENT:* See the comments following Sections 6(a), 7(a) and 8.
29

- 30 (l) No individual licensee shall issue a report in standard form upon a compilation of
31 financial information through any form of business that does not hold a valid permit
32 issued under Section 7 of this Act unless the report discloses the name of the
33 business through which the individual is issuing the report, and the individual:
34

- 35 (1) signs the compilation report identifying the individual as a CPA or PA,
36
37 (2) meets the competency requirement provided in applicable standards, and
38
39 (3) undergoes no less frequently than once every three years, a peer review
40 conducted in such manner as the Board shall by rule specify, and such review
41 shall include verification that such individual has met the competency
42 requirements set out in professional standards for such services.
43

- 44 (m) Nothing herein shall prohibit a practicing attorney or firm of attorneys from
45 preparing or presenting records or documents customarily prepared by an attorney
46 or firm of attorneys in connection with the attorney's professional work in the
47 practice of law.

1
2 (n)(1) A licensee shall not for a commission recommend or refer to a client any product or
3 service, or for a commission recommend or refer any product or service to be
4 supplied by a client, or receive a commission, when the licensee also performs for
5 that client,

6
7 (A) an audit or review of a financial statement; or

8
9 (B) a compilation of a financial statement when the licensee expects, or reasonably
10 might expect, that a third party will use the financial statement and the
11 licensee's compilation report does not disclose a lack of independence; or

12
13 (C) an examination of prospective financial information.
14

15 This prohibition applies during the period in which the licensee is engaged to perform
16 any of the services listed above and the period covered by any historical financial
17 statements involved in such listed services.

18 (2) A licensee who is not prohibited by this section from performing services for or
19 receiving a commission and who is paid or expects to be paid a commission shall
20 disclose that fact to any person or entity to whom the licensee recommends or refers
21 a product or service to which the commission relates.
22

23 (3) Any licensee who accepts a referral fee for recommending or referring any service
24 of a licensee to any person or entity or who pays a referral fee to obtain a client shall
25 disclose such acceptance or payment to the client.
26

27 (o)(1) A licensee shall not:

28
29 (A) perform for a contingent fee any professional services for, or receive such a fee
30 from a client for whom the licensee or the licensee's firm performs,

31
32 (i) an audit or review of a financial statement; or

33
34 (ii) a compilation of a financial statement when the licensee expects, or
35 reasonably might expect, that a third party will use the financial
36 statement and the licensee's compilation report does not disclose a lack of
37 independence; or

38
39 (iii) an examination of prospective financial information; or
40

41 (B) Prepare an original or amended tax return or claim for a tax refund for a
42 contingent fee for any client.
43

44 (2) The prohibition in (1) above applies during the period in which the licensee is
45 engaged to perform any of the services listed above and the period covered by any
46 historical financial statements involved in any such listed services.

1
2 **(3) Except as stated in the next sentence, a contingent fee is a fee established for the**
3 **performance of any service pursuant to an arrangement in which no fee will be**
4 **charged unless a specified finding or result is attained, or in which the amount of**
5 **the fee is otherwise dependent upon the finding or result of such service. Solely for**
6 **purposes of this section, fees are not regarded as being contingent if fixed by courts**
7 **or other public authorities, or, in tax matters, if determined based on the results of**
8 **judicial proceedings or the findings of governmental agencies. A licensee's fees may**
9 **vary depending, for example, on the complexity of services rendered.**

10
11 *COMMENT:* Section 14(n) on commissions is based on Rule 503 of the AICPA Code of
12 Professional Conduct. Section 14(o) on contingent fees is based on Rule 302 of the AICPA
13 Code of Professional Conduct.
14

15 **(p) Notwithstanding anything to the contrary in this Section, it shall not be a violation**
16 **of this Section for a firm which does not hold a valid permit under Section 7 of this**
17 **Act and which does not have an office in this state to provide its professional**
18 **services in this state so long as it complies with the requirements of Section 7(a)(2)**
19 **or 7(a)(3), whichever is applicable.**
20

21 *COMMENT:* Section 14(p) has been added along with revisions to Sections 23 and 7, to
22 provide that as long as an out-of-state firm complies with the requirements of new Section
23 7(a)(2) or 7(a)(3), whichever is applicable, it can do so through practice privileged individuals
24 without a CPA firm permit from this state.
25

North Carolina State Board of CPA Examiners

Proposed 2014 Board Meeting Dates

Monday	January 27	Raleigh	10:00 a.m.
Monday	February 24	Raleigh	10:00 a.m.
Wednesday	March 19	Raleigh	1:00 p.m.
Tuesday	April 22	Raleigh	10:00 a.m.
Thursday	May 22	Raleigh	10:00 a.m.
Wednesday	June 19	Greensboro	10:00 a.m.
Monday	July 21	Raleigh	10:00 a.m.
Monday	August 25	Raleigh	10:00 a.m.
Monday	September 22	Raleigh	10:00 a.m.
Thursday	October 23	Raleigh	10:00 a.m.
Monday	November 17	Raleigh	10:00 a.m.
Monday	December 15	Raleigh	10:00 a.m.